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## AUDIT AND GOVERNANCE COMMITTEE

### MINUTES OF MEETING Tuesday, 22<sup>nd</sup> December 2020

**PRESENT:** Councillor Malcolm (in the Chair); Councillors Sultan Ali, Gartside, Rashid and Donna Williams.

**OFFICERS:** J. Murphy (Chief Finance Officer), S. Smith (Deputy Chief Finance Officer), S. Knowles (Head of Internal Audit), M. Nixon (Risk and Insurance Manager) and P. Thompson (Committee and Constitutional Services).

**ALSO IN ATTENDANCE:**

Ms. J. Sanderson (Independent Member); Mr. C. Ainsworth (Independent Person) and Ms. K. Murphy (Mazars).

**21 APOLOGIES**

Apologies for absence were received from Councillors Hussain, Martin and Nickson.

**22 DECLARATIONS OF INTEREST**

There were no declarations of interests.

**23 MINUTES**

Resolved:

That the Minutes of the meeting of the Audit and Governance Committee held 23<sup>rd</sup> September 2020, be approved as a correct record.

**24 EXTERNAL AUDIT COMPLETION LETTER**

Further to Minute 10, of the meeting of the Audit and Governance Committee held 23<sup>rd</sup> July 2020, the Council's external auditors, Mazars, presented a report that updated Members on those matters that had been marked as outstanding within the previously submitted Audit completion report. This was done in accordance with the recognised 'International Standards on Auditing (UK and Ireland)'.

The outstanding issues related to investment properties; property, plant and equipment; investments; pensions; 'going concern' and the review of 'post balance sheet events'. In all cases the external auditors found that there were no issues to report to this Committee.

The Council's external auditors reported that their final audit procedures were complete and that they had received the signed financial statements and letter of representation.

Resolved:

That the adjusted Statement of Accounts 2019/2020 and the accompanying Management Representation Letter, as presented in the report, be approved.

## **25 INTERNAL AUDIT QUARTER 2 REPORT - 2020/2021**

The Committee considered a report of the Head of Internal Audit, which summarised the work of the Internal Audit team during the second quarter of 2020/2021 (July - September 2020). The Internal Audit service, on this occasion, had been able to provide either substantial or adequate assurance for all audits completed during the period. The report was presented to enable the Audit and Governance Committee, in accordance with their work programme and overall responsibility for governance, to scrutinise Internal Audit coverage during the first quarter of 2020/21 on all Services within the Council. The work of the Council's Internal Audit team is governed by the UK Public Sector Internal Audit Standards.

The Internal Audit service had completed 34% of the agreed Audit Plan which was below target. This had been due to the significant amount of unplanned time absorbed as a result of Internal Audit's response to issues arising from the Covid-19 pandemic, as well as two major investigations in relation to potential fraudulent activity by two employees of the Council - summaries of these activities were detailed in sections 7 and 11 of the Head of Internal Audit's report. It was though still envisaged that the Audit Plan would be completed by 31<sup>st</sup> March 2021, but progress would be subject to constant review and Members of the Committee would be updated accordingly

Throughout the Quarter Two period, the Counter Fraud Team have continued to deal with fraud work that was related to Covid-19, including allegations of fraud arising from the Pandemic. The Counter Fraud Team had received over 60 allegations of Covid-19 business grant fraud, all of which were being investigated. As at 30<sup>th</sup> September 2020, closed fraud cases had generated £21,506 in additional savings and overpayments. In the Quarter 2 period of 2019/2020, this was £63,578. The reduced figure was is due to a number of outstanding investigations. The Counter Fraud Team had over 200 live investigations. A number of these investigations were nearing completion, but due to the requirement of criminal interviews they could not be closed. However once the interviews were conducted and any relevant action taken, these cases will be closed and further savings and overpayments recorded.

Resolved:

That the report be noted.

## **26 RISK MANAGEMENT PROGRESS REPORT - Q2 2020/21**

The Committee considered a report of the Risk and Insurance Manager report which provided a summary of Risk Management and Insurance work during Quarter 2 (July – September 2020) of 2020/2021.

Reviews of the Corporate Risk Registers, which were managed by both the Council and the Heywood Middleton and Rochdale Clinical Commissioning Group (CCG) had been completed. A Corporate Cyber Security Board had been established during the study period to assist the cyber risk management process and held its first meeting on 15<sup>th</sup> July 2020. In this regard a governance framework had been agreed to enable escalation of cyber risks and decisions to the Council's Leadership Team, with the participation of ICT

Services and other Council Services through the Board. The aim was to maintain high standards which had led to Public Services Network and PCI Security Standards Council accreditation for many years.

The Insurance team achieved a claims cost mitigation figure of £363,599.31 for the claims closed during the Quarter 2 period. The report emphasised that a fundamental dishonesty judgement against any fraudulent claimant sends out a clear message that Rochdale Borough Council would pursue dishonest claimants.

The submitted report helped to enable the Audit and Governance Committee, in accordance with their work programme and oversight of governance, to scrutinise Risk Management and Insurance Team coverage during the 2020/21 year for all Council Services.

Resolved:

That the report be noted.