

**MINUTES OF THE
AUDIT AND RISK COMMITTEE**
held on 21 September 2022 at 7pm

Present:

Councillor N.M. Walsh (Chair)

Councillors D.J.R. Clark, W.A. Daden, N.A. Dudley, E.J. Sampson and A.B. Sosin

1. Attendance and Apologies for Absence

Apologies for absence were received from Councillors Knight, Raven and Sismey.

2. Minutes

The minutes of the meeting on 15 June 2022 were confirmed as a correct record.

3. Declarations of Interests

All Members were reminded to disclose any interests in items of business on the meeting's agenda and that they should do so at this point on the agenda or as soon as they became aware of the interest. They were also obliged to notify the Monitoring Officer of the interest within 28 days of the meeting, if they had not been previously notified. None were made.

4. Public Questions

There were no questions or statements from members of the public.

5. Announcements

No announcements were made.

6. Presentation on Cyber Security

The Committee received a presentation from the Council's Digital Services Manager and the Virtual Cyber Information Security Officer, following a request at a previous meeting. The Committee heard that a posture review had taken place in 2021 of the Council's Cyber Security position which led to a list of actions and an updated policy.

It was noted that three key areas arose from the review, including the appointment of a VCISO, Security Information and Event Management Technology and Policies and People. The Committee heard that the following areas of work had been completed;

- Appointed VCISO
- Selected a SIEM
- Helped a neighbouring authority after a cyber attack
- Awarded an incident response contract
- Awarded a continuous testing contract
- Migrating our main website to a secure and supported platform
- Continued to upgrade legacy systems
- Continued our migration to Microsoft and TechnologyOne platforms
- Continued to run our phishing exercises with the governance team

The Committee was also informed of the upcoming areas of work officers would be focusing on;

- New Cyber Security Strategy
- People
- Action Log
- SIEM
- Day job
- Ensure that the organisation retains and trains subject matter experts at a service level

In summary the Committee were informed that positive progress continued to take place in the Council's cyber security efforts and with recent events it would continue to be an area of focus for the Council.

In response to questions from the Committee it was noted that;

- It was difficult to obtain insurance as a local authority against cyber attacks as it had essentially become an uninsurable market. Therefore, the approach of having a retainer in place for incident response staff was the appropriate option instead.
- The use of legacy systems was probably the largest risk posed to the Council in terms of Cyber Security. This was due to them essentially being very complex and historic and in some instances not easily integrated into other systems. Officers were well aware of the risk though and would continue to focus on this area.

RESOLVED that;

1. the update be noted and;
2. officers be thanked for their continued hard work and presentation.

(7.01 pm to 7.29 pm)

7. Modern Day Slavery Report

The Committee received a report updating them on the work undertaken within the Council on Modern Slavery reduction and awareness. Members were informed that the action plan initially produced in September 2020 had been updated and was

attached to the report. It was noted that there was one outstanding action, which was the review of Property Services and Housing Services. However, the appointment of a new co-ordinator now provided the expertise and resources to complete the review by the end of the calendar year.

The Committee were informed that the new co-ordinator, had also been in a similar role at Southend Council and therefore brought new expertise to the Council. Members of the Committee were reminded of an upcoming training session in November that they had been invited to. Members also noted that new funding had been provisionally agreed with the PFCC, that would continue to assist the Council.

The Committee also heard that with the introduction of the Chelmsford Against Slavery Partnership, Modern Slavery would become business as usual for the Safer Chelmsford Partnership. It was noted that progress would be reported to the One Chelmsford Board and then in turn Overview and Scrutiny Committee. This therefore meant future updates would not be provided to the Audit and Risk Committee.

RESOLVED that the report be noted

(7.30pm to 7.37pm)

8. Annual Health and Safety Report 2021/22

The Committee received an update on Health and Safety at the Council across 2021/22. Members were informed about progress with training, accidents, performance in comparison to other years and the recent audits. It was noted that training levels had increased and these continued to be managed by HR. It was also noted that the level of accidents had again remained low, with only 47 employee accidents. In summary the Committee heard that the measures put in place continued to be effective and that accident levels had remained very low for an organisation delivering a wide range of services daily to 170,000+ residents and visitors.

In response to questions from members it was noted that;

- It was difficult to perform accurate comparisons against other Councils. This was due to different reporting methods in addition to Councils sometimes outsourcing areas of work and therefore not being responsible for Health and Safety.

RESOLVED that the report be noted.

(7.38pm to 7.54pm)

9. CIPFA Financial Management Code Assessment

The Committee received an update informing them of the Financial Management Code and the Council's self-assessment. The Committee noted that the Council continued to be materially compliant with the Financial Management Code. The Committee also heard that the self assessment had been completed and had identified some areas where minor improvements could be made. It was also noted that there were a number of actions arising from the assessment and a report would come back to the Committee if they were not completed in line with the set timings.

RESOLVED that;

1. the contents of the report be noted and;
2. the actions identified to be undertaken be agreed.

(7.55pm to 8.pm)

10. External Audit Contract Update

The Committee received an update from Officers on the contract for External Audit. The update detailed the proposals consulted on by the Public Sector Audit Appointments and the proposals related to setting the scale fees for their services, for setting the 2022/23 audit fee.

It was noted that the changes were not significant for 2022/23 and inflation costs would be met by PSAA reserves. It was also noted that the current and future contracts could not for statutory reasons include any potential penalty clauses for late completion by the external auditors. The Committee heard that the new contract did offer improvements but officers were not convinced this would resolve late external audits.

In response to a question from a member it was noted that, lobbying was continuing via the Local Government Association for a new audit body but for now the same issues remained.

RESOLVED that;

1. the proposed methodology for setting the 2022/23 audit fees be noted and;
2. the Council's response to the consultation be noted.

(8.01pm to 8.08pm)

11. Update from External Auditor (verbal)

The Committee were updated by the external auditors as to the progress they had made. The Committee heard that they were now in the final closure stages for the 2020/21 audit with only minor areas of work left to complete. It was noted that the further delays had been caused by a number of factors including staff sickness and staff annual leave in the summer holiday period. The Committee heard that the audit opinion should be submitted next week and the external auditors said that the delays had not been ideal. It was noted that a debrief meeting would be held with the finance team to look at how they could improve and what actions could be taken going forward.

The auditors also updated the Committee on when work would start for the 2021/22 audit. It was noted that the 20/21 had to be finished first before scheduling could be looked at. After questions from the Committee, the external auditors clarified that this would not be before the summer of 2023. Members of the Committee asked for further clarification and it was noted that the due completion date was November 2022, but work would not even be starting until the summer of 2023.

Members of the Committee and other Cabinet members who were present at the meeting, expressed their strong levels of disappointment at the continued and unacceptable delays on the part of the external auditors, BDO. The following significant concerns were raised;

- The next elections would be in May 2023 and the accounts were not complete.
- The excuse of staff being on summer holidays was completely unacceptable.
- Why were their constant reassurances on dates for completion, when it was clear these were never going to be met?
- How were officers supposed to complete the budget for future years when they had no audited accounts to work from?
- The completion of the accounts was in the public interest especially with upcoming elections.
- Frustrations were increasing for both officers and Councillors with the constant promises that have continued to not be met.
- The finance team don't have dates to work towards, and officers priorities need to be elsewhere.
- An annual process simply has to be completed within 12 months, otherwise there would constantly be delays.

In response to the points raised, the external auditors stated that;

- They felt they had been working well with officers .
- Workable solutions were on BDO's radar, including overseas staffing resources but this then led to a lack of experience of staff previously working on UK local authority audits, so was not felt to be the best solution.
- It was not just a problem for BDO but the sector as a whole.
- Discussions had taken place with PSAA and CIPFA but due to regulatory standards placed on auditors, there would not be quick changes.
- It was hoped a plan for the 21/22 audit would be in place by the end of October.

RESOLVED that the update be noted.

(8.09pm to 8.39pm)

12. Presentation on the Unaudited Accounts 2021/22

The Committee received a presentation from officers on the Unaudited Accounts for 2021/22. It was noted that these had been published in July and the presentation covered the role of the Committee in reviewing the accounts, the core statements and some of the key items for consideration. The key aspects of the presentation were as below;

- Role of the Audit and Risk Committee
- The deadlines for the year
- What determines the format of the accounts?
- The “statutory” entries
- The main chapters in the accounts
- S151 officers – key messages
- Risks

Members of the Committee were invited to look at the accounts in further detail and then to contact officers if they had any comments or further questions on specific areas.

RESOLVED that the update be noted.

(8.40pm to 9.02pm)

13. Work Programme

The Committee received a report updating them on the rolling programme of work.

RESOLVED that the report be noted.

(9.03pm to 9.04pm)

14. Urgent Business

There was no urgent business for the meeting.

The meeting closed at 9.04pm

Chair