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Dear Councillor

FULL COUNCIL - TUESDAY, 12TH OCTOBER, 2021

I now enclose, for consideration the following minutes which were omitted from the original agenda.

Agenda No	Item- Minutes for noting
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gi	<u>Audit & Accounts Committee – 28 July 2021</u> (Pages 2 - 7)
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NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 28 July 2021 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor R Crowe, Councillor D Cumberlidge and Councillor J Lee

APOLOGIES FOR ABSENCE: Councillor Mrs B Brooks (Committee Member) and Councillor M Brown (Committee Member)

1 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

That no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

2 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

3 MINUTES OF THE MEETING HELD ON 21 APRIL 2021

that the Minutes of the meeting held on 21 April 2021 be approved as a correct record and signed by the Chairman.

The Chairman welcomed Stuart Turner to his first meeting as an Independent Member for the Audit & Accounts Committee.

4 AUDIT COMMITTEE WORK PLAN

The Committee noted the Work Plan provided by the Business Manager for Financial Services.

5 TREASURY MANAGEMENT OUTTURN REPORT 2020/21

The Committee considered the report from the Assistant Business Manager for Financial Services providing Members with the opportunity to review the annual Treasury Outturn report at Appendix A.

The report to then be presented to Council on 12 October 2021 and recommended for approval.

The Committee were informed of an error at 3.1 of the appendix at page 16 of the agenda referring to the Borrowing Strategy figures in brackets, they are an increase not a decrease, therefore no brackets.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Audit & Accounts Committee and for the execution and administration of treasury management decisions to the section 151 officer, who will act in accordance with the Council's policies and practices.

The Treasury Strategy and Prudential Indicators for 2020/21 were approved by Council on 9 March 2020 and the Outturn report is the last report for the financial year, required by the CIPFA Code of Practice.

The Committee to receive the half-yearly report at the December meeting of Audit & Accounts.

AGREED (unanimously) that the Treasury Outturn position for 2020/21 be considered.

6 ANNUAL INTERNAL AUDIT REPORT

The Committee considered the Annual Internal Audit report from Assurance Lincolnshire, Annex A of the report providing a summary of Internal Audit work undertaken during 2020/2021 to support the Annual Governance Statement by providing an opinion on the organisation's governance, risk, financial and internal control environment.

The report highlighted the improvement from the last financial year to governance, risk, financial and internal control with all areas on an upward trend.

Audit Lincolnshire had observed that the Senior Leadership Team (SLT) and political leadership had embraced and are driving a positive change in culture. There is a clear message and commitment from the top to transform services and focus on the delivery of meaningful performance targets and outcomes which will help support and improve the Council's governance arrangements over the next year.

The Chairman did request that Governance be revisited with Assurance Lincolnshire again in October.

AGREED (unanimously) that the Committee considered and gave comment upon the Annual Internal Audit report.

7 GOING CONCERN STATUS OF THE COUNCIL

The Committee considered the report from Business Manager for Financial Services setting out the Council's assessment by the Council's Section 151 Officer of the Council's Going Concern status.

The report explained that the concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with

limits on their revenue-raising powers arising only at the discretion of central government).

AGREED (unanimously) that the Committee noted the conclusion of the assessment made of the Council's status as a going concern for the purposes of the Statement of Accounts 2020/21.

8 ANNUAL EXTERNAL AUDIT STRATEGY MEMORANDUM 2020/21

The Committee received the External Audit Strategy Memorandum for the 2020/21 Statement of Accounts work and Value for Money conclusion.

The Mazars representative presented to the Committee the External Audit Strategy Memorandum at Appendix A that set out the proposed work of the Council's external auditors for 2020/21, relating to the audit of the Financial Statements and the Value for Money conclusion.

The strategy had described the audit approach, the key financial statement audit risks and the Value for Money audit approach. It detailed the audit team, the deliverables from the work, the timeline and the planned audit fee.

The Mazars representative highlighted following the audit field work in July there had not been anything significant to bring to the Audit & Accounts Committee's attention.

AGREED (unanimously) that the Committee noted the External Audit Strategy Memorandum.

Councillor Lee joined the meeting at this point and the Chairman welcomed Councillor Lee to the Audit & Accounts Committee.

9 UNDERLYING PENSION ASSUMPTIONS FOR 2020/2021 STATEMENT OF ACCOUNTS

The Committee considered the report from the Assistant Business Manager for Financial Services providing the Committee with information regarding the assumptions made by the pension fund actuary in calculating the IAS 19 (International Accounting Standard 19 – Employee Benefits) figures to be reported in the 2020/2021 Statement of Accounts.

The report reminded the Committee that IAS 19 - Employee Benefits is one of the financial reporting standards with which the Council must comply when producing its annual Statement of Accounts.

AGREED (unanimously) that the Members noted and approved the assumptions used in the calculation of pension figures for 2020/2021.

10 UNDERLYING VALUATION ASSUMPTIONS FOR 2020/2021 STATEMENT OF ACCOUNTS

The Committee considered the report from the Assistant Business Manager for Financial Services providing the Committee with information regarding the assumptions made by the Valuers in calculating the figures to be reported in the

2020/21 Statement of Accounts, as per the revaluation model approach taken by the Council under IAS 16 (International Accounting Standard 16 – Property, Plant and Equipment).

The report reminded the Committee that IAS 16 – Property, Plant and Equipment is one of the financial reporting standards with which the Council must comply with when producing its annual Statement of Accounts.

Those assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum once every five years on a rolling programme.

AGREED (unanimously) that the Members noted and approved the assumptions used in the calculation of asset valuation figures for 2020/2021.

11 UNAUDITED STATEMENT OF ACCOUNTS

The Committee considered the report from the Business Manager for Financial Services to review the Council's draft Statutory Accounts for the financial year ended 31 March 2021.

The draft statement of accounts as part of this report had been issued to the Members the week before the Audit & Accounts Committee provided as part of a training session covering the Statement of Accounts & Mazars Role & Responsibilities of Audit Committees.

The Council's external auditors, Mazars, had commenced the audit of the accounts in June 2021 however the audit timetable will not be due to be completed until the end of August or early September. On completion there is a requirement that the external auditor provides details of any amendments made within the financial statement compared with the draft accounts produced. This report is the Audit Completion report and will be brought to the Committee in September along with the final audited Statement of Accounts for approval.

The Committee accepted that the accounts would be taken to the extraordinary meeting of the Audit & Accounts Committee in September.

AGREED (unanimously) that:

- a) Members noted the Annual Governance Statement for the financial year ended 31 March 2021; and
- b) Members noted the draft Statement of Accounts for the financial year ended 31 March 2021 and agreed to them being submitted to the external auditor (Mazars) for audit and certification.

12 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the internal audit progress report at Annex A from Assurance Lincolnshire to provide a summary of Internal Audit work undertaken

during 2021/22 against the agreed audit plan and any remaining reports from 2020/21.

The report informed the Committee that internal audit had completed 92% of the revised 2020/21 annual audit plan and that work had already begun on the 2021/22 annual audit plan.

The Committee noted from the report that Key Control Testing training would be provided later in the year.

Improvements are expected by the Committee for the Key Performance Indicators (KPIs) highlighted in the report and to look to the next financial year to hit targets.

AGREED that the Committee considered and gave comment upon the latest Internal Audit progress report and approved the extensions to the implementation dates.

13 COMMITTEE MEMBER TRAINING AND BI-ANNUAL REVIEW OF EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION AND THE COMMITTEE

The Committee considered the report from the Business Manager for Financial Services providing Members with an update to the recent skills questionnaire circulated to all Committee members, to propose a training programme for members of the Committee and to update members on the Bi-annual review of effectiveness of the Internal Audit function and the Committee.

During the last Committee meeting on 21 April 2021 Assurance Lincolnshire reported that they were collating responses to the skills questionnaire that had been circulated to Members during March.

There had been three of the six Members who had responded to the questionnaire and from these the majority of the responses were positive in nature and from this a broad programme of activity had been suggested for Members to take part in.

The newest Member of the Committee requested a compact course, it was also suggested that this be offered to all Members even if not on the Audit & Accounts Committee for future reference, if joining that Committee.

AGREED (unanimously) that:

- a) Members approved the training programme as described at paragraph 3.2; and
- b) Members nominated Councillor Crowe as the representative to accompany the Chairman and the Business Manager for Financial Services in the review of the effectiveness of Internal Audit and the Committee.

14 FINANCIAL MANAGEMENT CODE OF PRACTICE SELF-ASSESSMENT

The Committee considered the report from the Business Manager for Financial Services informing the Committee of CIPFA's Financial Management Code which is

applicable from 2021/22.

The Business Manager for Financial Services referred the Committee to an error at 1.1 of the report noting it incorrectly informed 'SLT' although the report had been take to SLT initially for consideration. In the Committee report it should have informed 'Audit & Accounts Committee Members'.

The report informed the Committee that the Chartered Institute of Public Finance & Accountancy (CIPFA) had introduced a new Financial Management Code (FM Code). This sets out for the first time, the standards of financial management for local authorities. The FM Code is designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.

AGREED (unanimously) that the Committee noted the assurance that NSDC meet the standards of CIPFA's Financial Management Code as evidenced from the self-assessment and accept the actions required to be undertaken.

15 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 22 September 2021.

Meeting closed at 11.45 am.

Chairman