

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, 24 July 2019 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor Mrs B Brooks, Councillor R Crowe and Councillor D Cumberlidge

APOLOGIES Councillor M. Brown

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 24 APRIL 2019

AGREED that the Minutes of the meeting held on 24 April 2019 be approved as a correct record and signed by the Chairman.

4 TREASURY MANAGEMENT OUTTURN REPORT- 2018/19

The Committee considered the report of the Business Manager - Financial Services, regarding the Annual Treasury Outturn Report 2018/19. The Treasury Strategy and Prudential Indicators for 2018/19 were approved by Council on 8 March 2018 and the Outturn report is the last report for the financial year, required by CIPFA Code of Practice on Treasury Management. There were no breaches of the approved prudential indicators during 2018/19.

The Committee considered the economic background, the local context including Capital Finance Requirement, the Council's borrowing strategy, investment activity, and compliance with all prudential indicators during the period.

AGREED that the Treasury Outturn Positions for 2018/19 be noted.

5 EXTERNAL AUDIT ANNUAL GOVERNANCE REPORT 2018/19

The Committee considered the report of the Business Manager – Financial Services, jointly presented by David Hoose and Helen Brookes from Mazars LLP, in relation to the External Auditors Annual Audit Completion Report. The significant findings were reported in the Completion Report, which was attached as an appendix to the report, together with the action taken in respect of the findings. The report also provided the

Auditor's opinion on the Statement of Accounts and the Value for Money conclusion.

Mr. Hoose reported on the Executive Summary and Significant Findings. He expressed his thanks to Officers for their work and assistance and also the quality of the working papers provided adding that all works were substantially complete and it was anticipated that the final audit would be signed off within agreed timescales.

Ms Brookes reported on the Internal Control Recommendations, the Summary of Misstatements and the Value for Money Conclusion, noting that the latter had been identified as a risk but within what was expected for a local authority.

AGREED (unanimously) that:

- (a) the External Auditors Annual Audit Completion Report for 2018/2019 be noted;
- (b) the adjustments to the financial statements set out in the report be noted; and
- (c) the letter of representation signed by the Director – Resources/Section 151 Officer and the Chairman of the Audit & Accounts Committee be approved.

## 6 STATEMENT OF ACCOUNTS 2018/19 AND ANNUAL GOVERNANCE REPORT

The Committee considered the report of the Business Manager – Financial Services which sought Members approval for the Council's Statutory Accounts for the financial year ending 31 March 2019. The Committee had previously considered the documents during a workshop session with Officers.

The Business Manager - Financial Services reported that two amendments had been made. The first was in relation to a revised actuarial valuation report from the pension fund. This was due to a national judgement which affected the assumptions used within the original actuarial valuation report. The second amendment was due to the incorrect rental income figure being used on the calculation of the valuation of Newark Livestock Market.

AGREED (unanimously) that:

- (a) the Annual Governance Statement for the financial year ending 31 March 2019 be approved;
- (b) the Statement of Accounts for the financial year ending 31 March 2019 be approved; and
- (c) it be noted that as per the previous report, the Section 151 Officer and the Chairman of the Audit & Account Committee had signed the Letter of Representation.

7 CHANGE OF ORDER OF AGENDA

With the agreement of the Committee, the Chairman amended the running order of the Agenda. Item 9 would be taken next. The Agenda would then revert back to its original order.

8 ANNUAL INTERNAL AUDIT REPORT 2018/19

The Audit & Risk Manager (Assurance Lincolnshire) presented the Annual Internal Audit Report 2018/19, summarising the work of Internal Audit undertaken during 2018/19 to support the Annual Governance Statement through providing opinion on the Council's governance, risk management and internal control.

The Annual Report set out the scope of internal audits work with details of the findings and subsequent rating of each area audited being provided. The appendices to the report provided the Committee with details of: the audits undertaken; the limited/low assurances; audit plan changes; overdue actions; benchmarking data; and assurance definitions.

The Director – Resources provided Members with information as to what actions had been taken following the adequate audit findings for Governance and Internal Control. He noted that these would be discussed in more detail at Agenda Item No. 10 – Internal Audit Report Process.

AGREED (unanimously) that the Annual Internal Audit Report 2018/2019 be noted.

9 INTERNAL AUDIT PROGRESS REPORT 2019/20

The Committee considered the Internal Audit Progress report covering the period to 8 July 2019. Four audits had been issued during the period. Pay and grading had been issued with high assurance, whilst Counter Fraud, Development Company and Emergency Planning had been issued with Substantial Assurance. A review of the Mansfield Crematorium accounts had also been undertaken, as had a review of the Newark Livestock Market Rent calculation. There were a further six reports at draft stage and three audits in progress.

In considering Appendix 2 to the report a Member queried whether it was possible to include the actual start date of the planned audits. The Audit Manager advised that this could not be provided until the actual audit commenced as any date given may be subject to delay. She did, however, comment that a narrative for each area would be provided in future reports.

AGREED (unanimously) that the latest Internal Audit Progress report be noted.

10 INTERNAL AUDIT REPORT PROCESS

The Business Manager - Financial Services presented a report detailing a proposed

process for internal audit reports to pass through the Senior Leadership Team (SLT) and onto the Audit & Accounts Committee.

Paragraph 3 of the report detailed the grading of audits and the proposed new process. The process for dealing with reports and following up recommendations were detailed in flow diagrams appended to the report. It was felt that the proposed process would enable SLT to review and feed into the audit process along with the Business Manager. Where Limited and Low assurance audit reports are finalised the Business Manager would be required to attend meetings of the Committee until all agreed actions had been completed.

In considering the report, a Member queried whether a member of SLT would be required to report to the Audit & Accounts Committee should a recommendation require multiple extensions to its deadline to resolve the identified issue. The Director – Resources stated that it was not currently built into the process but if such a situation arose it would only be in exceptional circumstances and that Committee would be kept fully apprised.

AGREED (unanimously) that:

- (a) the process as set out in Appendix A be adopted for the flow of internal audit reports; and
- (b) the process as set out in Appendix B be adopted for the extension to dates for the completion of management actions.

#### 11 AUDIT COMMITTEE WORK PROGRAMME

The Committee noted the Work Programme.

#### 12 DATE OF NEXT MEETING

The date of the next meeting would be Wednesday, 27 November 2019.

Meeting closed at 10.50 am.

Chairman