

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, 27 April 2022 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor Mrs B Brooks, Councillor M Brown and Councillor R Crowe

APOLOGIES FOR ABSENCE: Councillor D Cumberlidge (Committee Member) and Councillor J Lee (Committee Member)

51 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.

52 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

53 MINUTES OF THE MEETING HELD ON 2 FEBRUARY 2022

AGREED that the Minutes of the meeting held on 2 February 2022 be approved as a correct record and signed by the Chairman.

54 REVIEW OF LONDON ROAD CAR PARK EXTENSION SCHEME - PRESENTATION BY ASSURANCE LINCOLNSHIRE

The Committee were provided with an update from Assurance Lincolnshire on the progress of the review work having been asked by statutory officers to undertake a review of lessons learnt around the sale of the municipal building and extension of the London Road car park.

The report, currently being drafted by Assurance Lincolnshire, is expected to provide details on their findings. The report is currently being finalised and should be received within the next four weeks.

55 UPDATE ON THE STRATEGIC RISK MANAGEMENT PROCESS AND REGISTER

The Committee considered the report from the Safety and Risk Manager providing an update to Members on the status of the Council's 2022/23 Strategic Risk Register, as well as providing an update to Members regarding the Risk Management Policy.

The report informed Members that all strategic risks are formally reviewed quarterly by the risk owner, in conjunction with relevant officers, facilitated by the Safety and Risk Manager and SLT.

The review of the new register commences in the first quarter April to June 2022. Any amendments or alterations identified will be incorporated within the first formal review of each risk.

The Business Manager for Financial Services reminded the Committee that the Council has signed up to the Better Governance Forum, where training on Risk Management is available.

AGREED (unanimously) that:

- a) the Committee noted the amendments to the Strategic Risk Register; and
- b) the Committee noted the review of the Strategic Risk Policy.

56 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the internal audit progress report (Annex A) from Assurance Lincolnshire to provide a summary of Internal Audit work undertaken during 2021/22 against the agreed audit plan.

The Audit Plan for 2021/22 had been agreed by the Audit & Accounts Committee in February 2021 and then throughout the year reports are provided on the progress made and any changes to the plan are brought to the Committee.

The information provided in the report was for work completed to February 2022 referencing that 73% of the audit plan had been completed up until that point, further updates provided at the meeting.

The report contained details of an outstanding recommendation for approval by the Committee to extend, having already been extended by the Director. The Director for Housing, Health and Wellbeing attended the meeting to update the Committee and the Chairman requested that the Director attend the next meeting in July to provide a further update.

AGREED (unanimously) that:

- a) the Committee considered the latest internal audit progress report; and
- b) the Committee approved the extension to the NSH 2019/20-05 – Gas Servicing to 30 September 2022.

57 COMBINED ASSURANCE REPORT

The Committee considered the Combined Assurance Report for the 2021/22 financial year from Assurance Lincolnshire.

The Combined Assurance report is produced by Internal Audit working with Business Managers and SLT. The report demonstrates the level of assurance the Council has in its activities at a set point in time, identifying any gaps. The information is then used to inform the annual Internal Audit Plan for the next financial year. The Committee

discussed the report and thanked those involved in producing it.

AGREED (unanimously) that the Committee considered the Combined Assurance report.

58 ANNUAL INTERNAL AUDIT PLAN

The Committee considered the Internal Audit Plan (Appendix A) from Assurance Lincolnshire which set out the proposed work of Internal audit for 2022/23.

The report reminded Members that the Internal Audit plan is developed to demonstrate how assurance can be given on:

- Financial Governance
- Governance and Risk
- Critical Activities
- Project Assurance
- ICT
- Key Controls
- Combined Assurance
- Consultancy Assurance

Appendix A of the report set out in detail Assurance Lincolnshire's approach and what is intended to be reviewed in 2022/23. It is a 'flexible plan' which is subject to change as the year progresses to reflect the current risk environment. Any changes to the plan during the year will be agreed with the Business Manager for Financial Services and then subsequently notified to the Audit and Governance Committee.

The Committee discussed the report and the Chairman confirmed with Members that they were happy as to what had been included on the plan.

AGREED (unanimously) that the Audit & Accounts Committee approved the Internal Audit Plan.

59 STATEMENT OF ACCOUNTING POLICIES 2021/2022

The Committee considered the report from the Assistant Business Manager for Financial Services providing Members with updates made to the Council's accounting policies in relation to the closedown of the 2021/2022 financial year.

The report advised before the completion of the Statement of Accounts for 2021/2022 it is important that Members are given the opportunity to discuss and comment on the accounting policies to be used in the production of the financial statements. These policies will be applied to the treatment of all transactions that make up the figures in the Statement of Accounts to ensure the accounts present a true and fair view of the financial position of the Council as at 31 March 2022.

AGREED (unanimously) that the Committee approved the amended Statement of Accounting Policies for 2021/2022.

60 UNDERLYING PENSION ASSUMPTIONS FOR 2021/2022 STATEMENT OF ACCOUNTS

The Committee considered the report from the Assistant Business Manager for Financial Services to provide Members 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 2021/2022 Statement of Accounts.

The Committee were advised that the Actuary's report for 2021/2022 was received on 11 April 2022, however due to the timeliness of the report the Asset valuations were only based up to 31 December 2021. Therefore a revised IAS19 report is expected to be received mid-May with the Asset values at 31 March 2022.

The current Actuary report was comprehensive and provided as an attachment to the report at appendix A.

AGREED (unanimously) that the Committee noted and approved the assumptions used in the calculation of pension figures for 2021/2022.

61 UNDERLYING VALUATION ASSUMPTIONS FOR 2021/2022 STATEMENT OF ACCOUNTS

The Committee considered the report from the Assistant Business Manager for Financial Services to provide Members with information regarding the assumptions made by the Valuers in calculating the figures to be reported in the 2021/22 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 Committee were advised that the Council's dwelling assets are revalued every year due to the volatility and the group value of the assets nature. Each financial year a desktop review is undertaken to account for the changes in the valuations, however once every five years a full revaluation will take place on a beacon basis.

Financial year 2021/22 is the final year for a desktop review as the last full revaluation took place in 2017/18. The valuation report was found at Appendix C which included all their assumptions used to ascertain a valuation figure.

AGREED (unanimously) that the Committee noted and approved the assumptions used in the calculation of asset valuation figures for 2021/2022.

62 COUNTER-FRAUD ACTIVITIES FROM 30 SEPTEMBER 2021 TO 31 MARCH 2022

The Committee considered the report from the Business Manager for Financial Services informing Members of counter-fraud activity undertaken since the last update reported on 1 December 2021.

The report highlighted that the element of the role of the Audit & Accounts Committee is to provide assurance to the Council that its anti-fraud arrangements are operating effectively. In order to do this, counter-fraud activity reports are brought to the Committee twice a year. These reports detail the number of cases detected, amounts lost, the outcome of cases and

amounts recovered, together with any other counter fraud work that has been undertaken.

The annual full review of the Fraud Risk Register has been commissioned with Assurance Lincolnshire and this took place during April 2022. The results of this will be brought to the July Audit and Governance Committee.

The Chairman enquired as to how fraud numbers rate in comparison with other authorities, this information was not available at the meeting but would be provided to the Committee.

AGREED (unanimously) that Members noted the content of the report.

63 APPOINTMENT OF NON-VOTING INDEPENDENT MEMBER ON AUDIT & ACCOUNTS COMMITTEE

The Committee considered the appointment of Clive Richardson as a non-voting Independent member of the Audit & Governance Committee provided in the report from the Business Manager for Financial Services.

The previous non-voting Independent member attended the July 2021 meeting but then tendered their resignation prior to the September meeting following a promotion in their main occupation.

A panel consisting of the Chair of the Audit & Accounts Committee, Committee Member Councillor Cumberlidge and the Business Manager for Financial Services then met with the applicant on 25 February 2022 to assess their suitability for the role.

The Committee were in agreement that they fully supported the appointment of Clive Richardson to Audit and Governance as a non-voting independent member. Clive Richardson will bring a wealth of experience to Audit & Governance from his role as a Headteacher. He has years of experience of working with School Governors and understands the value that is brought to any committee by asking the right questions. He has a range of transferable skills and has worked for years with budgets, finance and risks assessments.

The Committee understood that he has not only the time to commit to this position but also dedication, respect for everyone, integrity, impartiality and the desire to do something for the community.

AGREED (unanimously) that the Committee recommend to Full Council that the appointment of Clive Richardson to the position of non-voting Independent member on the Audit & Governance Committee be approved.

64 ANY OTHER BUSINESS

The Business Manager for Financial Services advised that the Work Plan would be provided at the next meeting of the new Committee for Audit & Governance in July.

A Training report would also be provided at the July meeting, the same as for last year

having signed up to the Better Governance Forum as part of the self-assessment. The Business Manager for Financial Services to email the details for the Training Plan and Training Programme for Members and Officers noting that 12 pre-paid places are available. Introductory sessions provided by CIPFA would be provided for those Councillors who have not been on an Audit Committee before, with the remaining places to consider for the existing Committee Members.

The Business Manager for Financial Services also advised that in preparation for the next Committee meeting, a session will take place in June for a couple of hours to consider the year end accounts, noting the June date to be confirmed.

The Chairman of the Committee confirmed this was the last meeting in its current format and that the new Committee would be Audit & Governance. The Chairman thanked all the Members, Internal Audit, External Audit and Officers for their attendance and input into the life time of the Committee and would look forward to seeing these Members going into Audit & Governance.

Meeting closed at 11.12 am.

Chairman