

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** Broadcast from Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 3 February 2021 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor Mrs B Brooks and Councillor R Crowe

APOLOGIES FOR

ABSENCE: Councillor M Brown (Committee Member), Councillor D Cumberlidge (Committee Member) and Councillor Mrs M Dobson (Committee Member)

The meeting was held remotely, in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

68 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.

69 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

70 MINUTES OF THE MEETING HELD ON 25 NOVEMBER 2020

That the Minutes of the meeting held on 25 November 2020 be approved as a correct record and signed by the Chairman.

71 EXTERNAL AUDITORS' ANNUAL AUDIT LETTER 2019/20

The Committee considered the report from Jon Machej, Manager at Mazars who presented the External Auditor's Annual Audit Letter for 2019/20 for Newark & Sherwood District Council.

The Annual Audit Letter summarised the key findings from the external audit work carried out by Mazars in 2019/20. It covered the 2019/20 Statement of Accounts and the Value for Money conclusion for the same year.

The report explained the increase to the final fee partly due to additional work pressures around the change in the Council's group boundary, the additional testing of PPE and the pension scheme.

AGREED (unanimously) that Members approved the External Auditor's Annual Audit Letter for 2019/20.

72 REVIEW OF SIGNIFICANT GOVERNANCE ISSUES IN THE ANNUAL GOVERNANCE STATEMENT

The Committee considered the report from the Business Manager for Financial Services updating the Committee on the significant governance issues identified in the Annual Governance Statement.

The report provided issues identified such as the re-integration of the Housing Management function, the development company having started its first development at Bowbridge Road with the work progressing well. Internal Audit having completed an audit during July 2019, gained substantial assurance from the report and the four recommendations that were set out had been completed, going to the last Policy and Finance Committee on 21 January 2021.

The key issue had been Covid-19, which from the beginning had been a challenge for staff and continuing to deliver for the community.

AGREED (unanimously) that the Committee noted the results of the review of significant governance issues as identified in the Annual Governance Statement.

73 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the Internal Audit progress report from Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2020/21 against the agreed audit plan and any remaining reports from 2019/20.

The report was presented by Amanda Hunt from Assurance Lincolnshire covering the period up to December 2020. The report provided actions within reports that have a limited assurance rating. Managers attending the meeting were able to provide an update to the Committee on the implementation of actions, as well as requesting an extension to the end of March to complete. An update on progress would then be reported to the next Audit and Accounts Committee in April.

AGREED (unanimously) that the Committee considered and commented upon the latest internal audit progress report and approved the extensions to the implementation dates.

74 ANNUAL INTERNAL AUDIT PLAN

The Committee considered the Annual Internal Audit Plan from Assurance Lincolnshire setting out the proposed work for Internal Audit for 2021/22.

Amanda Hunt from Assurance Lincolnshire informed the Committee that her colleague McJoy Nkhoma would be the contact for Newark and Sherwood District Council from April.

Emma Bee also from Assurance Lincolnshire recommended further training to support Members in fulfilling their role, gaining skills and knowledge. A questionnaire will go out to Members and from the responses will populate a Training Plan.

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

75 TREASURY MANAGEMENT STRATEGY STATEMENT

The Committee considered the report from the Assistant Business Manager for Financial Services, seeking approval for the Treasury Management Strategy, which incorporates the Borrowing Strategy, Investment Strategy and Treasury Prudential Indicators, updated in accordance with the latest guidance.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- a) the Treasury Management Strategy 2021/22, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A);
- b) the Treasury Prudential Indicators and Limits, contained within Appendix A; and
- c) the Authorised Limit Treasury Prudential Indicator contained within Appendix A.

76 CAPITAL STRATEGY 2021/22

The Committee considered the report from the Assistant Business Manager for Financial Services, seeking approval of the Capital Strategy 2021/22, which incorporates the Minimum Revenue Provision and Capital Prudential Indicators, updated in accordance with the latest guidance.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- a) the Capital Strategy 2021/22 Appendix A;
- b) the Capital Prudential Indicators and Limits for 2021/22, contained within Appendix A;
- c) the Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix C, which sets out the Council's policy on MRP; and
- d) the Flexible Use of Capital Receipts Strategy, contained within Appendix D.

77 INVESTMENT STRATEGY

The Committee considered the report from the Assistant Business Manager for

Financial Services, for the Investment Strategy 2021/22, meeting the requirements of statutory guidance issued by MHCLG Investment Guidance in January 2018.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- a) the Investment Strategy 2021/22 within Appendix A; and
- b) the Investment Prudential Indicators and Limits, contained within Appendix A.

78 REVIEW RELATING TO THE APPOINTMENT OF AN INDEPENDENT MEMBER

The Committee considered the report from the Business Manager for Financial Services, enabling Members of the Committee to consider the appointment of an Independent Member to the Audit and Accounts Committee as per the CIPFA Best Practice Guidance.

The report advised that at present there were no statutory requirements on the authority to appoint an Independent Member to the Audit and Accounts Committee.

The NAO had recommended that further work be done by government with local authorities and other stakeholders to examine how the use of independent members on audit committees can be increased. This has also been supplemented by the recommendation by Sir Tony Redmond within his review.

The guidance from CIPFA notes both positive and cautionary reasons for such appointments and decisions of this nature need to take account of each local authority's own circumstances.

The Committee discussed how it would be preferable to have a 4 year cycle in place as is also carried out with the Auditors. This would be included when providing to the Council.

AGREED (unanimously) that the Committee:

- a) reviewed and discussed the proposal to co-opt an Independent Member onto the Committee;
- b) where appropriate approved the Independent Member role profile; and
- c) where appropriate recommended the following to the Council:
 - That an Independent Member is co-opted on to the Audit and Accounts Committee on a non-voting basis.
 - The role profile is approved.
 - That the process for selecting and recommending an appropriate candidate is delegated to the Business Manager for Financial Services

- in consultation with the Chair of the Audit and Accounts Committee.
- That a report is presented to Council to approve the appointment of the recommended candidate.

79 AUDIT COMMITTEE WORK PLAN

The Committee noted the Work Plan.

80 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 21 April 2021.

Meeting closed at 11.10 am.

Chairman