

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit and Governance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, NG24 1BY on Wednesday, 27 July 2022 at 6.00 pm.

PRESENT: Councillor Mrs S Michael (Chairman)
Councillor R Crowe (Vice-Chairman)

Councillor R Blaney, Councillor Mrs B Brooks, Councillor D Cumberlidge, Councillor Mrs E Davis, Councillor P Harris, Councillor B Laughton, Councillor J Lee, Councillor T Smith and Mr C Richardson (Non-Voting Co-Optee)

ALSO IN ATTENDANCE: Councillor Mrs P Rainbow

APOLOGIES FOR ABSENCE: Councillor S Haynes (Committee Member) and Councillor J Kellas (Committee Member)

One minutes silence was observed at the start of the meeting to remember Councillor Michael Brown who had recently passed away having been a Member of the Audit & Accounts Committee.

The Chairman welcomed Clive Richardson to his first meeting as an Independent Non-Voting Member.

1 DECLARATIONS OF INTEREST FROM MEMBERS AND OFFICERS

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

2 NOTIFICATION TO THOSE PRESENT THAT THE MEETING WILL BE RECORDED AND STREAMED ONLINE

Other than the Council recording in accordance with usual practice, there were no declarations of intention to record the meeting.

3 MINUTES OF THE MEETING HELD ON 27 APRIL 2022

AGREED that the minutes of the meeting held on 27 April 2022 be approved as a correct record and signed by the Chairman.

4 ORDER OF BUSINESS

With the agreement of the Committee, the Chairman changed the order of business. Agenda Item 5 Audit & Governance Committee Work Plan was taken after Item 15 Committee Member Training followed by Agenda Item 18 Date of Next Meeting, then the agenda resumed to its stated order.

5 AUDIT REPORT - LONDON ROAD MUNICIPAL BUILDINGS

The Committee considered the report from the Chief Executive appending the findings and suggested improvements from Assurance Lincolnshire following their audit of decision-making surrounding the sale of Municipal Buildings and proposed extension to London Road car park.

The Chief Executive highlighted how the circumstances had brought the Council into conflict with some members of the community, which was distressing for the community, and also some Members and staff. The Council would not want a repeat of these circumstances. By undertaking an independent review, the Council will be able to learn from this going forward, which was really important. The Chief Executive wanted those present at the Audit & Governance Committee meeting to understand how really sorry he was for the upset caused.

The report provided background to the reasons the audit was commissioned. At an extraordinary meeting of Full Council held on 24 November 2021, it was agreed to rescind a previous decision taken by the Council on 12 October 2021 to proceed with an extension to London Road car park.

The circumstances leading up to this decision were considered in the audit report. Assurance Lincolnshire was commissioned to provide an independent review of the facts surrounding the decision-making process and to identify any lessons learnt.

Members were advised that the report had been shared with two external stakeholders before the Committee meeting took place as Assurance Lincolnshire had consulted with them as part of the review – Newark Civic Trust and Protect Newark Green Spaces.

Members were asked to consider the action plan appended to the report.

Councillor Harris asked a number of questions, including in respect of the scope of the review, the Council's current approach in relation to exempt items, the Council's approach to engagement and the legal advice referred to in the report. In relation to Suggested Improvement 2.6 in the action plan, he asked whether 'environmental case' could be included as a key question in all business cases. This was confirmed. Councillor Harris also expressed his view that a wider debate should be held on the report, rather than focussing on the action plan.

Councillor Blaney referenced Suggested Improvement 2.12 in the action plan regarding 'corporate memory' and suggested that there should be a commitment to implement a process.

At this point, in accordance with Procedure Rule 4.10.1, Councillor J Lee moved and Councillor B Loughton seconded that the question be now put given the full debate which had taken place. No vote was taken at this point on this procedural motion with the Chairman inviting further comments on the action plan, prior to inviting the Committee to vote on the substantive motion as set out in the report, at the conclusion of the debate.

Councillor Smith asked for further information in relation to Suggested Improvement 2.4 regarding communication and engagement. It was confirmed that an updated strategy is due to be presented to Cabinet in November 2022.

Other Councillors expressed the view that now was the time to move forward and acknowledged actions that had been completed already.

The Chairman concluded that the results of the internal audit were never going to satisfy everyone and that was why an independent audit was commissioned, that the Council has taken stock of its procedures to ensure a similar situation does not arise again, and that it is now time to move on.

AGREED (with 9 votes For and 1 vote Against) that the Audit & Governance Committee approved the action plan set out at Appendix 2 to this report in response to the audit.

6 ANNUAL INTERNAL AUDIT REPORT

The Committee considered the report from the Head of Internal Audit for Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2021/22 and to support the Annual Governance Statement by providing an opinion on the organisation's governance, risk, financial and internal control environment.

The report highlighted that the opinion remained unchanged since the 2020/21 financial year and that the direction of travel was positive in all four areas.

The Director for Housing, Health and Well-Being provided an update with regard to landlords compliance informing the Committee that all modules relating to the compliance function would be in place by 30 September. For assurance purposes the Apex module will run alongside the existing monitoring arrangements before running Apex as the primary data source. This applies to all compliance management, that is gas, legionella, fire, electrical safety, asbestos, lifts and hoists.

The Director for Housing, Health and Well-Being gave the added assurance that the new contractor who would be starting on 1 August had already been setting appointments with tenants, providing added benefits of tenants such as receiving a text message to remind them of their appointment, and a 10 month style MOT service retaining the anniversary date with the ability to co-ordinate servicing with gas repairs if the service is due in the following 2 months.

The Chairman requested that a further update be provided at the next meeting of the Audit & Governance Committee and that the Director for Housing, Health and Well-Being returns in November to be able to confirm that everything has been carried out.

AGREED (unanimously) that the Audit & Governance Committee considered and commented upon the annual internal audit report and noted its content.

7 TREASURY MANAGEMENT OUTTURN REPORT 2021/22

The Committee considered the report from the Assistant Business Manager for

Financial Services giving Members the opportunity to review the Annual Treasury Outturn report, which will be presented to Council on 18 October 2022.

The report explained that the Treasury Management Strategy Statement for 2021/22 was approved by Full Council on 9 March 2021, and the Outturn report was the last report for the financial year, as required by the Code. It had been prepared based on the draft final accounts, which appeared elsewhere on the agenda. If it is found that there are significant changes resulting from the audit of the accounts, they will be reported at the next meeting of this Committee.

AGREED (unanimously) that the Treasury Outturn position for 2021/22 be considered.

8 GOING CONCERN STATUS OF THE COUNCIL

The Committee considered the report from the 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).

Councillor Lee queried how the District Council operates in relation to its assets and their valuation. The Business Manager for Financial Services advised that infrastructure improvements to an asset will always be revalued, every single asset is valued every five years, carrying out 20% every year and the top ten assets every year to ensure that valuations are materially correct.

AGREED (unanimously) that Members noted the conclusion of the assessment made of the Council's status as a going concern for the purposes of the Statement of Accounts 2021/22.

9 UNAUDITED STATEMENT OF ACCOUNTS 2021/22

The Committee considered the report from the Business Manager for Financial Services which asked Committee to review the Council's draft Statutory Accounts for the financial year ended 31 March 2022.

The Committee Members had attended an End of Year Statement of Accounts training session prior to Committee in order to gain an understanding of the financial statements and notes to the accounts, in order to be able to objectively challenge the information in the accounts.

The report informed the Committee that the Accounts and Audit Regulations 2015 required that the authority to prepare and publish its approved draft and audited Statement of Accounts by 31 July and 30 November respectively. It is proposed that

these deadlines revert back to 31 May and 30 September respectively, subject to consultation, with effect from the 2022/23 accounts onwards. The Regulations only require the Section 151 Officer to sign and certify that the unaudited Statement of Accounts present a true and fair view of the financial position of the Council. However, in the interests of transparency and good governance, these are still being presented to this Committee in order to give the Members of the Committee a chance

to review the contents rather than first inspection being when the audited Statement of Accounts need approving in November.

Councillor Blaney referred to the Appendix on page 5 of the document with a map of the District and highlighted that Balderton was missing off the map. As did Councillor Smith to advise that Blidworth had also not been included. The Members asked that this is rectified before the final version is published.

AGREED (unanimously) that:

- a) Members noted the Annual Governance Statement for the financial year ended 31 March 2022; and
- b) Members noted the draft Statement of Accounts for the financial year ended 31 March 2022 and agreed to them being submitted to the external auditor (Mazars) for audit and certification.

10 ANNUAL EXTERNAL AUDIT STRATEGY MEMORANDUM 2021/22

The Committee considered the report from the Business Manager for Financial Services presenting the External Audit Strategy Memorandum for the 2021/22 Statement of Accounts work.

The Mazars representative presented to the Committee the External Audit Strategy Memorandum at Appendix A setting out the proposed work of the Council's external auditors for 2021/22. The appendix provided a breakdown of the audit scope, approach and timeline in order to meet the deadline of 30 November.

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

11 FRAUD RISK ASSESSMENT

The Committee considered the report from the Business Manager for Financial Services informing Members of the update of the Fraud Risk Register undertaken during April 2022.

The report informed the Committee that all of the existing risks have had an in depth review by the Business Manager for Financial Services, a Principal Investigator from Assurance Lincolnshire and the risk owner. Consideration was given as to whether there are new fraud types within the risk and whether the controls reflected the current environment.

The risk scores were reviewed to determine whether the impact or likelihood of any of the frauds occurring had changed since the last review.

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

12 INTERNAL AUDIT PROGRESS REPORT 2022/23

The Committee considered the report from the Head of Internal Audit for Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2022/23 against the agreed audit plan and any remaining reports from 2021/22.

The report informed Members that there were eleven actions due for implementation and that there were no overdue actions for the Committee to review.

AGREED (unanimously) that the Audit & Governance Committee considered and commented upon the latest internal audit progress report and noted its content.

13 ANNUAL STANDARDS REPORT FOR THE PERIOD 1 APRIL 2021 - 31 MARCH 2022

The Committee considered the Annual Standards Report for the period 1 April 2021 to 31 March 2022 from the Assistant Director for Legal & Democratic Services and Monitoring Officer.

At its meeting on 17 May 2022, the Council adopted Executive Arrangements, also known as the Cabinet System. Under the new arrangements, the Audit & Governance Committee has responsibility for promoting and maintaining high standards of conduct by Members and Co-opted Members of the Council. It is also responsible for maintaining an overview of the Member Code of Conduct and arrangements for dealing with complaints.

The report highlighted the high standards to be expected of Members, Councillor Lee reminding Members when accepting gifts, to make reference to the Gifts and Hospitality provisions in the Constitution. It was confirmed that a reminder would be issued to Members.

AGREED (unanimously) that the Annual Standards Report be noted.

14 COMMITTEE MEMBER TRAINING

The Committee considered the report from the Business Manager for Financial Services proposing a training programme for Members of the Committee for the 2022/23 financial year.

Councillor Lee requested that the Treasury Management training be offered to all Councillors so that everyone receives the knowledge not just those who are currently Members of the Audit & Governance Committee.

AGREED (unanimously) that Members noted the training programme suggested.

15 AUDIT & GOVERNANCE COMMITTEE WORK PLAN

The Committee considered the Audit & Governance Committee Work Plan.

AGREED (unanimously) that the Audit & Governance Committee Work Plan be approved.

16 DATE OF NEXT MEETING - WEDNESDAY 23 NOVEMBER 2022

The date of the next meeting was discussed by the Committee to bring forward to the 23 November 2022.

AGREED (unanimously) to bring forward the date of the next meeting to the 23 November in order to meet the Accounts statutory deadline.

17 EXCLUSION OF THE PRESS AND PUBLIC

Agreed (unanimously) that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of this item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

18 FRAUD RISK ASSESSMENT APPENDIX A EXEMPT

The Committee considered the exempt report with regard to the Fraud Risk Assessment.

(Summary provided in accordance with Section 100C(2) of the Local Government Act 1972).

Meeting closed at 7.45 pm.

Chairman