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NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** held in the F1,2 &3 Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 24 April 2019 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor B Crowe, Councillor P Handley and Councillor B Wells

APOLOGIES FOR Councillor D Payne (Committee Member)

ABSENCE:

80 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.

81 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

82 MINUTES OF THE PREVIOUS MEETING

that the Minutes of the meeting held on 6 February 2019 be approved as a correct record and signed by the Chairman.

83 RISK MANAGEMENT REPORT

The Business Manager- HR and OD presented the Risk Management report providing an update on the Council's Risk Management arrangements and status of the Council's Strategic Risks. The Officer Risk Management Group continued to meet on a quarterly basis. Members of this group were provided with an overview of the current situation/performance of strategic and operational risks and emerging or ongoing risks were also discussed. Members noted that the Risk Management Policy was currently under review. It was envisaged that this policy will be submitted to SLT for approval in April 2019. An audit of the Council's Risk Management arrangements, undertaken last year by Assurance Lincolnshire, had identified a substantial level of confidence in service delivery, management of risks and operation of controls and performance.

The Council had identified 12 strategic risks which were outlined in the report to Members. The rating of three risks had been increased during the previous 12 months, which were: STRAT_SR006 Sustainable communities; STRAT_SR009 Data management and security; and STRAT_SR011 Arkwood Development Limited.

AGREED that the report be noted.

84 STATEMENT OF ACCOUNTING POLICIES

The Assistant Business Manager- Financial Services presented the Statement of Accounting Policies for consideration by Members, prior to their use in the completion of the Statement of Accounts for 2018/2019. These policies would 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 2019.

The 2018/2019 Code introduces presentational amendments under IAS 1 Presentation of Financial Statements with regard to IAS 7 Statement of Cash Flows and the reporting of Debtors and Creditors. The changes did not impact on any policies. The Policy for Financial instruments – Financial Assets had been amended in line with the Code of Practice to reflect the new requirements under IFRS 9 Financial Instruments.

AGREED that Members approve the amended Statement of Accounting Policies for 2018/2019.

85 IAS19 PENSION ASSUMPTIONS

The Committee considered 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 2018/19 Statement of Accounts.

To calculate the cost of earned benefits for inclusion in the Statement of Accounts, the scheme actuaries used certain assumptions to reflect expected future events which may affect the cost. The Council used the calculated costs and the underlying assumptions, based upon the advice of the actuary of the Nottinghamshire County Council Pension Fund, Barnett Waddingham, and the administering authority (Nottinghamshire County Council), in preparing the annual Statement of Accounts.

A formal actuarial valuation was carried out every three years, the last being as at 31 March 2016. However this valuation was for the financial years going forward from 2018/2019, the figures produced for 31 March 2016 were estimates based on the last full actuarial valuation carried out as at 31 March 2013 rolled forward and allowing for any change in the underlying assumptions.

AGREED Members note and approve the assumptions used in the calculation of pension figures for 2018/2019.

86 PROPERTY, PLANT AND EQUIPMENT VALUATION ASSUMPTIONS

The Committee considered information regarding the assumptions made by the Valuers in calculating the figures to be reported in the 2018/19 Statement of Accounts, as per the revaluation model approach taken by the Council under IAS 16 (International Accounting Standard 16 – Property, Plant and Equipment). Assets included in the Balance Sheet at current value were revalued where there have been material changes in the value, but as a minimum once every five years.

The list of assets which had been revalued during 2018/19 were: 43 Garage sites at various locations; Newark Beacon; Buttermarket; Rainworth Village Hall; Hawtonville Community Centre; Fernwood Community Centre; Bridge Community Centre; Newark

Livestock Market; and all Council Dwellings.

The Council's dwelling assets were revalued every year due to the volatility and the group value of the assets nature. Each financial year a desktop review would be undertaken to account for the changes in the valuations, however once every five years a full revaluation would take place on a beacon basis. Financial year 2018/19 was a desktop review as the last full revaluation took place in 2017/18.

Members heard that in previous financial years the valuation certificates had been validated and approved by external consultants. However, during 2018/19 and in consultation with our external auditors (Mazars), it was established this can now be completed in-house by the Councils Asset Management team.

AGREED that Members note and approve the assumptions used in the calculation of asset valuation figures for 2018/2019.

87 INTERNAL AUDIT PROGRESS REPORT 2018/19

The Principal Auditor- Assurance Lincolnshire presented the Internal Audit progress report covering the period to 31 March 2019. 10 audit reports had been completed during the period, which were: Economic Development; HRA Self-financing; Environmental Protection; CCTV; Brexit Preparation; Domestic Refuse; Street Cleansing; Key Control Testing; and Payroll, and had all been issued with substantial assurance. One audit had been issues with limited assurance, which was ICT Cyber Security.

Members heard that the Business Manager- ICT had attended a Senior Leadership Team meeting to discuss an action plan as a result of the audit. The Committee agreed that the Manager should be invited to attend the next meeting of the Committee to provide an update against the action plan. The Director- Resources explained that he was satisfied that progress was on-going to address issues within ICT.

The Director- Resources agreed to remind Business Manager of the importance of responding to audit requests to ensure that audits were undertaken in a timely fashion to reduce delay against the audit plan and within the span of the audit. The Audit and Risk Manager- Assurance Lincolnshire also agreed to work with the Business Manager- Financial Services to produce an escalation procedure to avoid delay in undertaking an audit.

AGREED that the report be noted.

88 EXTERNAL AUDIT PLAN FOR 2018/19 ACCOUNTS

Helen Brookes- Manager, Mazars was in attendance to present the External Audit Plan for 2018/19 Accounts. The Plan outlined the audit approach, significant audit risks and areas of key judgements, value for money conclusions and the audit fee.

AGREED that the Committee noted the report.

89 COUNTER-FRAUD ACTIVITY REPORT

The Business Manager- Financial Services presented a report detailing counter fraud activity undertaken since 28 November 2018. Members heard that 170 potentially fraudulent claims for housing benefit had been referred to the Fraud and Error service since 1 December 2015. A review of the fraud risk register had been undertaken under separate cover on the agenda, and an internal audit on counter fraud was in progress. Members also noted that the 2018/19 National Fraud Initiative exercise commenced in February 2019.

AGREED that the report be noted.

90 FRAUD RISK ASSESSMENT

The Business Manager- Financial Services detailed a review of the fraud risk register which had been undertaken, facilitated by Assurance Lincolnshire. 18 areas of the Council's activities remained at risk of fraud, four with sub categories. Seven were considered to be medium risk, and 15 low risk. None of the risk scores changes from the assessment undertaken in February 2018. Further actions implemented to mitigate the fraud risks were detailed in the report.

Members welcomed the review of the risk register and work to mitigate fraud and promote a strong counter fraud culture.

AGREED that the report be noted.

91 AUDIT COMMITTEE WORK PROGRAMME

The Committee noted the Work Programme.

92 DATE OF NEXT MEETING

The date of the next meeting would be Wednesday 24 July 2019.

As this was the last meeting of the committee in the municipal year, the Chairman thanked officers, internal and external audit, and her fellow Councillors for their work during her term.

Meeting closed at 10:55am

Chairman