

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, 30 September 2020 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

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

APOLOGIES FOR

ABSENCE: Councillor M Brown (Committee Member)

38 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.

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.

39 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

40 MINUTES OF THE MEETING HELD ON 5 FEBRUARY 2020

That the Minutes of the meeting held on 5 February 2020 be approved as a correct record and signed by the Chairman.

41 ORDER OF BUSINESS

With the agreement of the Committee, the Chairman changed the order of business. Agenda Item 9 was taken after Item 7. The agenda resumed its stated order thereafter.

42 ANNUAL INTERNAL AUDIT REPORT

The Committee considered the Annual Internal Audit Report from Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2019/2020 to support the Annual Governance Statement by providing an opinion on the organisation's governance, risk management and internal control environment.

The report ending 31 March 2020 was issued in June having taken into account Covid-19 although there would be greater impact in the next financial year.

AGREED (unanimously) that the Audit & Accounts Committee considered the Annual Internal Audit report and that it be noted.

43 TREASURY MANAGEMENT OUTTURN REPORT 2019/20

The Committee considered the report from the Assistant Business Manager, Financial Services giving Members the opportunity to review the annual Treasury Outturn report to be presented to Council on 13 October 2020.

The Committee noted that there were no breaches to the approved prudential indicators during the period 2019/20.

AGREED (unanimously) that the Treasury Outturn position for 2019/20 be noted.

44 ANNUAL EXTERNAL AUDIT STRATEGY MEMORANDUM 2019/20

The Committee considered the External Audit Strategy Memorandum for the 2019/20 Statement of Accounts work and Value for Money Conclusion provided by Mazars.

The Mazars representative informed the Committee that the report included the reintegration of Newark and Sherwood Homes back to the Council.

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

45 EXTERNAL AUDITORS' ANNUAL AUDIT COMPLETION REPORT

The Committee considered the External Auditors Annual Audit Completion report from the Business Manager for Financial Services.

The report informed Members that due to Covid-19 the national deadlines for submission of the draft and audited financial statements had been pushed back to 31 August and 30 November respectively.

The Committee were made aware that although the accounts had been audited, final confirmation of an unqualified opinion cannot be concluded until the final report has been commissioned from the external auditors of the Nottinghamshire Pension Fund due to the materiality of the Council's pension liability. Therefore, the conclusions on the Statement of Accounts and Value for Money would be anticipated conclusions and to be finalised in a further report to the November Committee.

AGREED (unanimously) that:

- a) the Committee received the External Auditors Annual Audit Completion Report for 2019/20; and
- b) the Committee noted the adjustments to the audited draft financial statements set out in the report.

46 AUDITED DRAFT STATEMENT OF ACCOUNTS

The Committee considered the report from the Business Manager and Assistant Business Manager for Financial Services to review the Council's audited draft

Statutory Accounts for the financial year ended 31 March 2020.

The report informed the Committee that the audit had identified only one significant misstatement due to an allowance for 2020/21 financial years' provision against revaluation of the business rates debt being held at 31 March 2020. This debt was not held on the balance sheet at that date therefore the provision would not be held and the Committee were aware that all relevant notes were adjusted for the misstatement.

AGREED (unanimously) that:

- a) Members noted the Annual Governance Statement for the financial year ended 31 March 2020; and
- b) Members noted the draft audited Statement of Accounts for the financial year ended 31 March 2020.

47 AUDIT & ACCOUNTS COMMITTEE ANNUAL REPORT

The Committee considered the report from the Business Manager for Financial Services informing Members of the activity undertaken by the Audit and Accounts committee during the 2019/20 financial year.

The report informed the Members that having seen the account for the year, the Committee had discharged its responsibilities as per the Constitution. Having also assessed itself against the CIPFA Practical Guidance for Audit Committees questionnaire, having drawn up an action plan for areas that did not conform to best practice.

The report also explained how the Committee had added value to the organisation, having requested the Internal Audit Process report be clearly set out to inform when Officers are attending the Committee to then gain assurance that areas of identified weakness are being resolved.

A Committee Member questioned a decision previously taken by the Committee not to have an independent member appointed to the Committee. The Deputy Chief Executive, Director of Resources and S151 Officer then referred to the Redmond Review, Sir Tony Redmond's long awaited report on local authority financial reporting and external audit in England which had made a number of robust recommendations, including the creation of a new audit regulator and supports independent members.

AGREED (unanimously) that:

- a) the Committee noted the Audit and Accounts Committee Annual Report's activity within the year and referred on to the Council for noting.

48 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the report from Assurance Lincolnshire providing the Internal Audit Progress report with a summary of Internal Audit work undertaken

during 2020/21 against the agreed audit plan and any remaining reports from 2019/20.

The report provided the latest progress report covering the period up to 31 August 2020 having agreed the Audit Plan for 2020/21 at the February Audit and Accounts Committee, reporting throughout the year on the progress made and if any changes to the plan are requested.

Representatives were available at the meeting to take any questions with regard to Building Control, ICT and Health and Safety.

AGREED (unanimously) that:

- a) the Audit and Accounts Committee considered and commented upon the latest Internal Audit Progress report and approved the extensions to the implementation dates.

49 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 which had been undertaken during February 2020.

The report had reviewed all of the services provided by the Council, highlighting any new areas where fraud might occur as well as the types of fraud in determining if there were any new risks to the Council.

AGREED (unanimously) that the update to the Fraud Risk Register be noted.

50 COUNTER-FRAUD ACTIVITIES FROM 1 NOVEMBER 2019 TO 31 AUGUST 2020

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 27 November 2019. The report to Members would have been a bi-annual report, this had changed due to Covid-19.

The report advised the Committee that discussions had taken place with Assurance Lincolnshire in relation to producing a virtual training session, to highlight areas of fraud that Officers should be aware of. This will remind Officers of the “red flags” that they should be mindful of and what action should be taken where these flags are noticed. It was anticipated that this would be deployed to Officers in Q3 of this financial year.

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

51 URGENCY ITEM TAKEN DURING COVID-19

The report provided the Committee with the urgency decision that had been taken in light of the Covid-19 Pandemic with respect to the Homes England Compliance Audit Report 2019/20 – HRA 5 Year Development Programme.

NOTED the Urgency Item – Minute of Decision taken during the Covid-19 Pandemic.

52 AUDIT COMMITTEE WORK PLAN

The Committee noted the Work Plan, to include a future item with reference to the Redmond Review discussed earlier in the meeting.

53 EXCLUSION OF THE PRESS AND PUBLIC

That, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.

54 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 25 November 2020.

Meeting closed at 11.30 am.

Chairman