

Audit Committee

Wednesday, 29 July 2020

Present: K Robinson (Chair)
M Wilkinson (Deputy Chair)
Councillors D Cox, N Craven, A McMullen, J Mole,
M Rankin, P Richardson and J Wallace

AC/29/20 Apologies for Absence

There were no apologies for absence submitted.

AC/30/20 Declarations of Interest and Dispensations

There were no Declarations of Interest or Dispensations reported.

AC/31/20 Minutes

Resolved that the minutes of the meeting of the Committee held on 20 November 2019 be confirmed as a correct record and be signed by the Chair.

AC/32/20 Certification of Claims and Returns - Annual Report 2018/19

Consideration was given to a report which summarised the results of work carried out by the External Auditors in relation to the Authority's claims and returns for 2018/19. It was explained that this work covered the Council's housing benefit claim in accordance with the Housing Benefit Assurance Process issued by the Department for Work and Pensions and the provision of the Council's Teachers' Pensions End of Year Certificate.

Clarification was sought on how the Authority could be assured that the works carried out on its behalf were robust. It was explained that the report was entirely appropriate and that there is a regulator which published reports on the work of the firms carrying out works on behalf of local authorities. It was acknowledged that there was still more work to be done to improve matters.

Resolved that the report be noted

AC/33/20 Audit Planning Report for the Year Ended 31 March 2020

Consideration was given to a report which reviewed the proposed approach to and the scope for the 2019/20 audit. It was explained that the approach had been updated to take account of the impact that Covid-19 would have on the audit.

The report provided an overview of the 2019/20 audit strategy and highlighted a number of areas of risk or focus along with the risk identified and whether this had changed from last

year.

Reference was made to the risks associated with the Authority's land and buildings and the revised guidance issued by the Royal Institution of Chartered Surveyors (RICS) in relation to valuations of land and buildings.

Reference was also made to the Authority giving consideration as to whether Group Financial Statements were appropriate. It was explained that the Authority was not required to produce them at present.

Resolved that the report be noted.

AC/34/20 Audit Market Reform and Revised Auditing Standards and Guidance

Consideration was given to a report which set out the outcomes of a number of key regulatory and independent reviews as at January 2020. The report also set out the potential outcomes of the regulatory reviews and the potential implications for the Committee, the Authority and auditors. It was explained that the implementation of some of the recommendations required parliamentary time to be set aside before any changes could be made.

Resolved that the report be noted.

AC/35/20 2019-20 Statement of Accounts - Draft

Consideration was given to a report which provided an update in respect of the closure of the 2019/20 accounts. On the 3 April 2020 the Ministry of Housing, Communities and Local Government had confirmed that under the Accounts and Audit (Coronavirus) Amendments Regulations 2020 the statutory deadlines had been amended. The publication date for audited accounts had therefore moved from 31 July 2020 to 30 November 2020. It was explained that the final audited accounts would be presented for sign off to the meeting of the Committee to be held on 18 November 2020.

A copy of the Annual Financial Report 2019/20 was submitted with the papers for the meeting. It was explained that the report was in a draft format and subject to audit. Members attention was drawn to a number of the notes to the financial statements including a reduction in the gains linked to assets and the pension fund valuation

Clarification was sought on how the auditors verified the references to cash and cash equivalents. It was explained that third party confirmation was obtained along with reconciliations and an examination of individual transactions.

Resolved that the work outlined in the report in relation to the closure of the 2019/20 accounts be noted.

AC/36/20 Annual Governance Statement - Update

The Committee was advised that the Annual Governance Statement (AGS) explained how the Authority delivered good governance and reviewed the effectiveness of the

arrangements in place. Details of the approach in place for the compilation of the 2019/20 Statement were outlined.

It was explained that due to the impact of the Covid-19 pandemic changes had been made nationally to the deadlines for the publishing and auditing of the accounts. It was noted that three new risks had been identified for inclusion in the AGS namely Covid-19 recovery, Finance and Resources and Workforce.

Resolved that (1) the update on the latest review of the Authority's action plan agreed as part of the 2018/19 Annual Governance Statement be noted;
(2) the progress made in compiling the evidence for the 2019/20 Annual Governance Statement be noted; and
(3) the potential inclusion in the 2019/20 Annual Governance Statement of three new risks including the controls in place be noted.

AC/37/20 Audit Market Reform and Revised Auditing Standards and Guidance

Consideration was given to a report from the Chief Internal Auditor on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and controls. It was noted that, under the Public Sector Internal Audit Standards, the Chief Internal Auditor was required to provide an annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

It was reported that, overall, the internal audit section had found that, in the areas inspected in 2019/20, internal control systems had been effective. In addition a number of areas of good practice had been identified and, where necessary, improvement plans had already been put in place by management, in consultation with internal audit, for those areas which required improvement.

It was the opinion of the Chief Internal Auditor that the Authority's internal control systems, in the areas audited, were satisfactory. This was a positive assessment of the Authority's control environment and reflected favourably on the organisation's governance arrangements.

Members also sought assurances in relation to the number of planned productive days which had been lost over the year. Reference was also made to the audit completed last year in relation to deprivation of liberty services and the work undertaken by the department to reduce the backlog.

Resolved that the Chief Internal Auditor's opinion, that the overall adequacy and effectiveness of the Authority's framework of Governance, Risk Management and Control in 2019/20 is satisfactory be noted.

AC/38/20 Key Outcomes from Internal Audit reports Issued between 1 November 2019 and 1 July 2020

Consideration was given to a report which set out the key outcomes of internal audit reports issued between 1 November 2019 and 1 July 2020. For each of the reports issued the main points of concern were outlined together with the progress made or action taken to address any concerns. The report also provided examples of good practice within the Authority.

Clarification was sought in relation to the review of the email system and the Authority's move to Office 365.

Resolved that the key findings, good practice identified and the management action taken in response to Internal Audit Reports be noted.

AC/39/20 Strategic Audit Plan 2019/20 Final Monitoring Statement

Consideration was given to a report which provided the final monitoring statement in respect of the 2019/20 Strategic Audit Plan. The report took each audit review area and looked at the key objectives and the progress made in relation to the implementation of the recommendations.

During 2019/20 39 audit assignments had been programmed of which 30 had been completed or were underway. The reasons for the variation in the audit coverage were outlined together with the process for risk assessing the outstanding assignments.

Resolved that the Strategic Audit Plan Final Monitoring Statement be noted.

AC/40/20 Internal Audit Charter

Consideration was given to a report which provided an update on the Internal Audit Charter as required under the Public Sector Internal Audit Standards and the Local Government Application Note.

Resolved that the report be noted.

AC/41/20 Exclusion Resolution

Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

AC/42/20 Update on the Strategic Audit Plan 2020/21

Consideration was given to a report which provided an update on the Strategic Audit Plan for 2020/21 taking account of the impact of the Covid-19 pandemic on audited entities and any changes which needed to be made as a result.

Resolved that the Strategic Audit Plan 2020/21 and the need to keep risks and the associated impact on assurance under review be noted.