

## **Audit Committee**

**Wednesday, 27 July 2022**

Present: M Wilkinson (Chair)  
Councillors G Bell, L Bell, D Cox, L Ferasin and J O'Shea

Apologies: Councillor T Mulvenna

### **AC/13/22 Appointment of Substitute Members**

There were no substitute members reported.

### **AC/14/22 Declarations of Interest and Notifications of any Dispensations Granted**

There were no declarations of interest reported

### **AC/15/22 Minutes**

**Resolved** that the minutes of the meeting held on 25 May 2022 be confirmed and signed by the Chair

### **AC/16/22 Annual Governance Statement 2021/22**

Consideration was given to a report which advised the Committee of the outcome of the review of the Authority's system of internal control. It was explained that the Accounts and Audit Regulations 2015 required the Authority to carry out a review of the effectiveness of its internal controls and produce an Annual Governance Statement (AGS) at least once each year.

It was explained that the Annual Governance Statement had been compiled in accordance with a governance framework produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The Chief Executive, Assistant Chief Executive and each of the Directors had been involved in the production of the AGS and the key documents/functions that had been reviewed as part of the preparation of the AGS were set out in the appendices to the document.

Reference was made to the addition of new items on the corporate risk register including supply chain issues, the impact of Covid-19 and increasing energy costs. Clarification was provided in relation to the actions taken by the Authority in respect of monitoring and controlling the distribution of Covid Grants. It was explained that there were robust systems in place to deal with potential fraud in relation discretionary grants and that finance had worked closely with internal audit to provide appropriate assurances up front. It was explained that central government would pick up any potential fraud in relation to business grants.

**Resolved** that (1) the outcome of the review of the Authority's systems of internal control be noted;  
(2) the draft Annual Governance Statement be approved to accompany the 2021/22 Statement of Accounts; and  
(3) the assurances provided in respect of the challenges made in relation to the payment of Covid grants and the actions proposed in the Annual Governance Statement relating to any governance issues identified be noted.

#### **AC/17/22      Draft Annual Statement of Accounts 2021/22**

Consideration was given to a report which provided an update on the closure of the 2021/22 accounts.

It was explained that in 2021 the Ministry of Housing, Communities and Local Government had put place revised regulations which had moved the publication date for the Authority's audited accounts from 31 July to 30 November for a two year period. The revised regulations provided local authorities with additional flexibility in relation to the public inspection period. Previously the documents had to be available for public inspection in the first 10 working days in June and the new regulations required local authorities to commence their public inspection period on or before the first working day of August 2022. A draft set of accounts was required to be published by no later than 31 July 2022 and the Committee was advised that a draft set of the accounts had been published on the Authority's website on the 30 June 2022.

It was also explained that the Authority's External Auditors had commenced its audit of the 2021/22 accounts on the 4 July and it was anticipated that a signed off set of accounts would be published by the end of September 2022.

An unaudited draft copy of the Annual Financial Report 2021/22 was presented for members information and an overview of the contents of the report was given. It was explained that the statement of accounts provided an overview of the Authority's finances for 2021/22.

Reference was made to the Authority's reserves and an explanation provided on the various categories of reserves including committed reserves and those which were usable. Officers offered to look to see if the position regarding reserves could be made a bit easier to understand.

**Resolved** that (1) the publication of the draft set of accounts in advance of 31 July 2022 be noted; and  
(2) the commencement of the external audit on 4 July 2022 be noted

#### **AC/18/22      Exclusion Resolution**

**Resolved** that under Section 100A 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 items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

**AC/19/22      Review of Corporate Risk Register - Economic Downturn**

Consideration was given to a report which set out the risks for the authority in relation to the economic downturn and the control measures in place to mitigate against those risks. It was explained that there were 13 controls in place to manage the risks and an explanation of each of the controls was given. The Committee was also advised that risk holder continued to keep abreast of the conditions to enable mitigating actions to be put in place when necessary. It was explained that the existing control measures would mitigate the impact of the risks for the economy of the borough.

**Resolved** that the report be noted

**AC/20/22      Review of Corporate Risk Register - Supply Chain**

Consideration was given to a report which set out the risks for the Authority in relation to the supply chain. It was explained that since 2020 the supply chain had experienced a number of challenging factors including the pandemic, the conflict in eastern Europe, the transition from the European Union and the cost of living crisis.

It was explained that there were a number of measures in place to review the supply chain and to ensure that appropriate financial checks were in place to ensure financial stability and these were regularly monitored by the risk holder.

**Resolved** that the report be noted

**AC/21/22      Chair's Announcement**

The Chair announced that Janice Gillespie, the Director of Resources would be moving to a new position with the North of Tyne Combined Authority and this would be the last meeting of the Committee that she would be attending. He offered his thanks for her support and for making complex financial matters understandable. Members of the Committee echoed those thoughts and wished her well in her future endeavours.