

**AUDIT & GOVERNANCE COMMITTEE**  
**29<sup>th</sup> March 2022**

**PRESENT** – Mahfooz Hussain (in the chair.) Councillors Jon Baldwin, Maureen Bateson, Abdul Patel and Neil Slater

**OFFICERS** – Dean Langton (Director of Finance), Colin Ferguson (Head of Service Audit and Assurance), Paul Conlon (Democratic Services),

The Councils Auditors- John Farrar (Grant Thornton)

**RESOLUTIONS**

**1. Welcome and Apologies**

The Chair welcomed everyone to the meeting.

**2. Declarations of interest**

No Declarations of interest were made by members of the Committee.

**3. Minutes of the meeting held on 19<sup>th</sup> January 2022**

The Minutes of the meeting held on 19<sup>th</sup> January 2022 were submitted.

**RESOLVED** – That the Minutes of the meeting held on 19<sup>th</sup> January 2022 be approved as a correct record and signed by the Chair.

**4. Significant Partnerships**

The Significant Partnerships Register a requirement within the Council Constitution. The annual update of the Register is an opportunity to ensure that partnerships throughout the local authority are well governed and that appropriate oversight is in place. The report provides evidence to the Committee to meet its responsibility to review the governance and assurance arrangements in respect of significant partnerships that the Council is involved with. It notes that the recent audit review of the arrangements provided substantial assurance on the control environment and adequate assurance in respect of compliance with the controls relating to this area.

**RESOLVED-** 1. That the significant partnerships submitted for inclusion in the 2021/22 register be approved.

2. That the updated key lines of enquiry within the Code of Audit Practice and the important role of partnerships be noted.

**5. External Audit: Audit Findings Report 2020/21**

The report sets out Grant Thornton's progress in delivering their responsibilities as the Council's external auditors in respect of the audit of the 2020/21 financial statements. The focus of their work is on the outstanding areas of work, which includes responses a small number of queries relating to revaluations of property plant and equipment, and the Council's accounting for infrastructure assets in light of a national issue, which is noted below.

There are five main areas have been finalised since the last report to note that are highlighted. These are:

- The valuation of Heritage Assets - These valuations have been amended to reflect the insurance values as these provide a more recent value. The valuations used for the balance sheet previously were several years old. The balance sheet has been increased by £16.3m as a result.
- Pension Liability – The auditors are satisfied that the Council's pension liability figure reported agrees with the revised actuarial report.
- Property, Plant & Equipment - Work on this area is close to completion. An adjustment is required for a number of these assets with the final figure yet to be agreed. It is expected to be approximately £3.8m.
- Infrastructure Assets - A national issue has been identified relating to this area, which is explained in the report. The auditors are awaiting guidance to be issued on this.
- Minimum Revenue Provision (MRP) - The report sets out the auditors observations and challenges with regards to the Council's recent change in MRP Policy.

The updated Audit Findings report will be issued on completion of the audit.

The report includes the results of the Financial Reporting Council (FRC) review of the work of local auditors and the Institute of Chartered Accountants in England & Wales (ICAEW) quality assurance work. Nine Grant Thornton files were selected as part of the FRC process of which six were assessed as good and three required improvement. This represented a year on year improvement. The ICAEW assessed the files selected at the highest grade for both financial statements and VfM elements of the audit.

A sector update was also included for Members consideration/reference. This was a summary of emerging national issues and developments, which Grant Thornton have noted, that may have an impact on the Council.

In response to a members question the Committee was informed that the value placed on Heritage Assets was based on the insurance valuation and this followed CIPFA guidance.

**RESOLVED** – That the report be noted.

## **6. Application of Accounting Policies**

The Committee considered a report seeking approval to the accounting policies to be used in preparing the 2022/23 financial statements. There were two main changes to those applied in the preparation of the 2020/21 Statement of Accounts and these were:

- a policy on the Council's role as agent for the Business Improvement Districts; and
- a revised policy for the valuation of heritage assets reflecting an update following the 2020/21 audit of the Council's Statement of Accounts 2020/21.

The report highlighted the results of a recent CIPFA consultation on time limited charges to the Code of Practice on Local Authority Accounting in the UK relating to pausing the valuations of property plant and equipment for a period of up to two years and deferred the implementation of IFRS 16 Leases for a further year and other points on this area were awaited at the time of the report.

Guidance was also awaited on the emerging issue associated with the de-recognition of costs associated with infrastructure costs which was referred to the External Audit Progress report and depending on the outcome, this may lead to a change in policy regarding this area.

**RESOLVED-** That the Committee note the use of Accounting Policies as set out in the report, for the preparation of the Councils Statement of Accounts 2021/22

## **7. Closure of Accounts 2021/22 – Assessment Going Concern Status**

The Committee considered a report of the Director of Finances assessment of the Council 'going concern' status in respect of the production of the 2021/22 Statement of Accounts. The concept assumed that the Council, its functions and services, would continue in operational existence for the foreseeable future and it underpinned the Statement of Accounts drawn up under the Local Authority Code of Accounting Practice.

The report provided the Committee with details of arrangements and evidence to support the conclusion that the Council remains a going concern in 2021/22 and for the following 12 months, based on the information available at the time of the report.

**RESOLVED-** That the outcome of the assessment made of the Council's status and a 'Going Concern' for the purposes of preparing the Statement of Accounts for 2021/22

## **8. Treasury Management Report – December 2021 to February 2022**

The Committee received a report providing a summary of the treasury management activity and performance in the period. It noted that the Bank of England base rate has increased twice during the period and was at 0.5% at 3 February. The Council had approximately £41m invested at 28 February 2022 and short term loans of £20m. Short term borrowing had continued to be used during the period. The activity was within the agreed Prudential and Treasury indicators set by the Council for the current year. The Treasury Management Strategy for 2022/23 was also included in Appendix 6 to the Treasury Management Report. The strategy report had been approved by Executive Board on 10 March 2022. The content of the strategy remained largely similar to the previous year.

**RESOLVED-** That the Committee note the Treasury Management position for the period.

## **9. Audit & Assurance Progress & Outcomes December 2021 to February 2022**

The Committee received a report setting out the progress on the audit work during the period compared to the approved audit plan. An update on progress of the outcome of the follow up of data matches from the National Fraud initiative since the previous report was also provided. The overall opinions for the ten internal audits completed in the period were summarised along with a commentary on the part limited assurance opinion audit. This would not have a significant impact on the overall control environment in place within the Council.

**RESOLVED-** That the Committee receive the report and the outcomes achieved to 28<sup>th</sup> February 2022 against the annual Audit and Assurance Plan 2021/22, as approved by the Committee on 31<sup>st</sup> March 2021.

## **10. Audit & Assurance Plan 2022/23, Three Year Strategic Plan and Internal Audit Charter**

The Committee were informed that It was a statutory requirement for the Council to have an effective internal audit in place to evaluate the effectiveness of its risk management, control and governance processes. The arrangements should take account of the requirements of the Public Sector Internal Audit Standards. The proposed 2022/23 risk based audit plan was presented to the Committee for approval. This identified an audit resource of 734 days and set out the areas included for audit review during the year. This would allow Audit & Assurance to provide independent assurance to assist the Committee with its responsibility oversee the effectiveness of governance arrangements in the Council and an annual audit opinion on the overall risk management, control and governance arrangements in place for 2022/23. Progress against the approved plan will be reported to the Committee during the year.

The plan also identified the resources available for counter fraud and risk management activity and support provided by the Audit & Assurance team.

**RESOLVED-** that-

- the 2022/23 Annual Audit and Assurance Plan and draft three year Strategic Audit Plan be approved.
- The Internal Audit Charter be approved
- Notes that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting of the Committee, and,
- Notes that Plan Changes will be reported during the year.

### **11. Risk Management Report 2021/22 Quarter 3 Review**

The Committee received a report providing a summary of the corporate risk register as at the end of December 2021 and highlights the top two risks that the Council has identified and is managing. Changes had been made during the period in respect of the Public Health related risk to reflect the Public Health recovery from the pandemic and the measures required to reduce the health inequalities and improve health outcome for the boroughs residents. A new risk had been added relating to recruitment and retention of staff. There had not been any changes in any of the scores for the remaining risks in the period.

A corporate Risk Management Policy Statement had been approved by the Executive Member for Finance and Governance.

**RESOLVED-** That-

- The Corporate Risk Register as at the end of the third quarter 2021/22 be noted.
- That the committee note the risk management activity that has occurred during the period.
- That the Strategic Director for Resources, be invited to attend the session prior to the next meeting to discuss corporate risk and a review of its assessment, control and monitoring.

### **12. Audit & Governance Committee – Effectiveness Assessment 2021**

Members received a copy of the Practical Guidance for Local Authority and Police Audit Committees published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This includes a good practice self-assessment checklist and toolkit to evaluate a Committee's effectiveness against the principles set out in CIPFA Position Statement. The checklist and evaluation had been completed by the Head of Audit & Assurance on behalf of the Committee and were presented for the Committee's consideration. Members of the Committee had also completed individual self-assessment questionnaires on the effectiveness of the Committee. The results of each of these assessments are set out in appendices to the report and these all provide evidence to support the overall conclusion that the Committee is operating effectively.

**RESOLVED-** That that the Committee consider that the results of the assessment now submitted to be evidence to confirm the Committees effectiveness and that it is operating in accordance with best practice.

signed: .....

Date: .....

Chair of the meeting  
at which the minutes were confirmed