

## **AUDIT COMMITTEE**

### **Minutes of a meeting of the Audit Committee held on Thursday, 1 October 2020 at 6.00 pm in Remote Meeting**

**Present:** Councillors N A M England (Chair), A Lawrence, K S Sahota, C F Smith (Vice-Chair) and W L Tomlinson

**In Attendance:** R Percival (Grant Thornton), D Rowley (Grant Thornton), S Barnard (Grant Thornton) and D Rowley (Grant Thornton). A Lowe (Associate Director: Policy & Governance), K Clarke (Director: Finance & Human Resources), P Harris (Finance Manager), E Rushton (Group Accountant), R Montgomery (Audit & Governance Team Leader), T Drummond (Principal Auditor).

**Apologies:** Councillors V J Holt and J E Lavery

#### **AU52      Declarations of Interest**

None.

#### **AU53      Minutes of the Previous Meeting**

**RESOLVED** – that the minutes of the meeting held on 14 July 2020 be confirmed and signed by the Chair.

#### **AU54      External Audit Letter**

A copy of the External Audit Letter had been sent to the Chair and this would be signed by the Chair and returned after the meeting.

#### **AU55      Report to those Charged with Governance 2019/20 - Full Audit Findings Report**

Grant Thornton presented the report to those Charged with Governance for 2019/20 and the Final Audit Findings Report.

The majority of work on the Interim Audit was completed on site from January to March 2020 which enabled the remainder of the audit work to be completed remotely. The Accounts and papers were provided to Grant Thornton on the 8 June 2020 in line with the timescales agreed prior to Covid-19 which was a big achievement for the Finance Team. Although some amendments were needed the accounts and working papers were of a good standard. There was regular communication between both sides which enabled the majority of the audit to be delivered without undue delay.

With regard to the Audit approach, Covid 19 was a key factor and discussions were held regarding the working arrangements and additional information was required with regard to governance arrangements, controls and sustainability.

Material assessment and Material misstatement were considered and tested. Shropshire Pension Fund auditor's IAS19 Report would be available shortly although there were some final assurances needed. Significant risks such as stock markets, land and buildings, pension liability, material misstatement had been considered and no significant issues found although some adjustment to entries had been made based on audit procedures. With regard to NuPlace, additional assurances had been sought regarding value of properties due to the uncertainty of the property market and this had been consolidated into the group financial statement. The Audit Opinion would emphasise the importance of material uncertainty that existed around the valuation of properties at 31 March. The deadline for the Accounts was 30 November as required by ISA 260 but there was nothing major to draw out. It was extremely important that the Auditors remained independent and sufficient safeguards were in place and there were no issues to draw to Members' attention. Additional non-audit services were required with regard to the certification of teachers pensions return and housing benefit would take place later in the year with additional fees. Within the audit standards action plan there were some recommendations on how to improve which were around the receipt of Declarations of Interest Forms that had not been received in 2019/20 and in relation to the 2018/19 financial statements and creditor/debtor balances which had proved challenging but had improved during this audit. The issue around the VAT had now been brought to a satisfactory resolution. A clerical issue had been identified regarding PPE but this was an isolated clerical error and had been satisfactorily resolved.

As part of the Value for Money audit the external Auditors were required to look at financial sustainability and the going concern due to the pressures some Local Authorities were facing and the uncertain financial outlook. Key achievements were the budget savings during 2019/20 which put the Council in a strong financial position to deal with the upcoming challenges. Key pressure points were social care costs, loss of income such as fees and charges, the impact on local taxation and the collection of deficits, business rates and council tax. Looking forward to 2020/21 the pressure would continue, although a spending review was in progress and additional funding from the Government had kept things going, there was uncertainty as to whether the funding would be extended. Financial resilience would be tested over the next two years with the key areas being budgetary management, central government funding and the duration of the pandemic. The emphasis of the audit opinion would be land and building valuations as this was the default position for all audits undertaken this year. Assurance was awaited on the pension fund and a report was due to be released shortly. The opinion would show how well the audit had gone the support received, the quality of the accounts and that the Council was in a good financial position in the unusual circumstances.

During the discussion some Members queried the type of declarations that had not been received and it was confirmed that this was the Declarations of Interest form that members completed and that not all declarations had been received. Members thanked the finance team for their accurate and swift work in getting the accounts completed especially in the light of the pandemic.

**AU56      Audited Annual Statement of Accounts 2019/20**

The Finance Manager gave an overview of the Statement of Accounts which followed on from Grant Thornton's audit findings report. There was still some work to be done and it was asked that delegated authority be given to the Director: Finance & Human Resources to finalise the accounts. The changes to accounts included reclassification of assets, pension valuation adjustment, revaluation of fix assets, material misstatement and remunerated parties. The deadline for publication of the accounts had been moved to 30 November 2020 and if the Committee approved the accounts a hard copy of the accounts would be sent to the Chair for signature and then following approval published on the website.

**RESOLVED – that**

- a) the 2019/20 Statement of Accounts be approved; and**
- b) delegated authority be given to the Director: Finance & HR to make any financial changes required to the Statement of Accounts prior to publication be approved.**

**AU57      Publication of Information on Councillors who Traded with the Council during 2019/20**

The Audit & Governance Team Leader gave a brief overview with regard to the Councillors who traded with the Council during 2019/20. It had previously been agreed that to improve transparency that any Councillors who have an interest in a company that receive a payment from the Council should be reported separately to the Council through the Audit Committee. During 2019/20 three Councillors were associated with companies that received payments from the Council.

During the discussions some Members asked if it was necessary to include within the report a former Councillor. The Audit & Governance Team Leader explained that as the payment was made during the reporting year it was necessary to include this reference.

**RESOLVED – that the information contained in the report be published on the Council's website and that the report be noted.**

**AU58      Update report on the work of Internal Audit**

The Principal Auditor gave a brief overview of the work of Internal Audit and gave an update on the amber and red reports.

Firewall Security – this had been delayed due to a delay in the new system being put in place. The audit would be starting shortly.

Ice Rink – this was in progress and had just been completed and it was hoped to be a green report.

ContrOCC Financial Management Process – this had moved to yellow and there was now reasonable assurance.

S17 Payments – this was now reported as a reasonable assurance.

ICT Asset Management – this audit had been delayed slightly as a new system was being implemented and a follow up would take place.

The Place – this was now assessed as reasonable assurance and a further follow up would take place in October 2020.

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

**AU59      Public Sector Internal Audit Standards - Self Assessment**

The Audit & Governance Team Leader gave a brief update on the Public Sector Internal Audit Standards – Self Assessment which had been reported to the Audit Committee in October 2019 which set out the internal audit standards that needed to be adhered to. That report had indicated that some developments were needed to meet some of the requirements. An action plan had been drawn up and it was confirmed that the current position was that virtually all of the actions had been completed or would be completed by year end.

**AU60      Strategic Risk Register Update**

The Audit & Governance Team Leader gave a brief verbal update on the strategic risk register. This function has just moved over as a responsibility of the Audit & Governance Team who were looking and reviewing and refreshing the risk register. An update will be brought to the next meeting as to the status of the risk register. Due to the challenging year with Covid 19 and severe flooding, risk management planning has held the Council in good stead and both challenges have been handled well but they would look to develop this going forward.

The meeting ended at 6.51 pm

**Chairman:** .....

**Date:**            Thursday, 28 January 2021