

## **ACCOUNTS AND AUDIT COMMITTEE**

**26 NOVEMBER 2020**

### **PRESENT**

Councillor B. Brotherton (in the Chair).

Councillors C. Boyes, G. Coggins, J. Lloyd (Vice-Chair), A. Mitchell, R. Thompson, B.G. Winstanley and Platt

#### In attendance

-

#### Also Present

Councillors

#### Also in attendance

-

### **APOLOGIES**

Apologies for absence were received from Councillors J. Dillon and N. Evans

#### **1. ATTENDANCES**

It was noted that apologies had been received from Councillors Dillon and Evans.

#### **2. COMMITTEE'S MEMBERSHIP**

The Committee noted its membership for the remainder of the municipal year, it being reported that, following the Annual Meeting of Council held on 25<sup>th</sup> November 2020, Councillor Thompson had replaced Councillor Duffield, and that the vacancy in the Committee's membership had been filled by Councillor Evans.

RESOLVED – That the Committee's membership for the remainder of the municipal year 2020 /21 be noted.

#### **3. COMMITTEE'S TERMS OF REFERENCE**

The Committee received for information its Terms of Reference for the municipal year, it being noted that these were unchanged.

RESOLVED – That the Committee's Terms of Reference be noted.

#### **4. QUESTIONS FROM MEMBERS OF THE PUBLIC**

It was reported that no questions had been received for consideration at the current meeting.

**5. MINUTES**

RESOLVED – That the Minutes of the meeting held on 15<sup>th</sup> July 2020 be approved as a correct record and signed by the Chair.

**6. COUNTER FRAUD AND ENFORCEMENT TEAM UPDATE REPORT**

The Counter Fraud & Enforcement Manager was in attendance to introduce a report which outlined the Council's fraud prevention and detection performance and activities in 2019/20 and the team's plans for 2020/21. Attention was drawn to the extent to which the team's activities had safeguarded public funds across the range of its activities, and its significant involvement in issues arising from the emergency Covid-related business grants which had been paid through the Council. An opportunity was provided to raise questions on the report's content, which centred on the scope of the team's activities and triggers for initiating counter-fraud and enforcement investigations.

RESOLVED – That the content of the report be noted.

**7. 2019/20 AUDIT COMPLETION REPORT**

On behalf of the Council's External Auditor (Mazars) Ms. K. Murray and Mr. T. Rooney were in attendance to introduce their Audit Completion Report on the Council for the year ending 31<sup>st</sup> March 2020, which summarised the conclusions arising from the auditor's work for the year in question. The difficulties were acknowledged of the Covid pandemic for the preparation and audit of accounts; it was noted that the national deadline for completion of the audit had been extended to 30<sup>th</sup> November 2020; and the auditors' thanks were accorded to the Council's finance team for the quality of working papers and for their assistance during the course of the audit. Ms. Murray highlighted the principal findings from the audit, and a small number of matters still outstanding; and it was anticipated that an unqualified opinion on the financial statements would in due course be issued. Members discussed a range of issues arising from the report, including the question of uncertainty in valuations; and Ms. Murray set out broad details of expected audit activity, and ongoing financial challenges, for the coming year.

RESOLVED – That the content of the report be noted.

**8. 2019/20 ANNUAL GOVERNANCE STATEMENT**

The Head of Governance was in attendance to introduce a report of the Corporate Director, Governance and Community Strategy which presented the final version of the 2019/20 Annual Governance Statement (AGS), whose preparation and publication is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2015. It was noted that the Committee had previously received a report setting out the Draft AGS, of which versions had also previously been shared and reviewed by the Corporate Leadership Team. Members were advised that since the draft version was presented on 15<sup>th</sup> July 2020 a number of significant issues for 2020/21 had been updated, as highlighted within the

**Accounts and Audit Committee**  
**26 November 2020**

---

document. Any further issues arising in 2020/21 impacting on governance and developments in relation to governance issues reported to date would be considered as part of the process for compiling the 2021/22 AGS.

In response to issues raised in the Committee's previous consideration of the draft Statement, the Head of Governance provided Members with a summary update on current issues in the area of information governance, and measures in place or planned to address them. It was agreed that, in developing further training, the specific needs of elected Members would be taken into account; and that a summary note on data breaches would be circulated to this Committee's Members after the meeting.

RESOLVED – That the 2019/20 Annual Governance Statement be approved.

**9. 2019/20 ACCOUNTS**

The Director of Finance was in attendance to introduce a report of the Corporate Director of Finance and Systems which presented the redrafted Final Accounts for 2019/20, as they currently stood at the time that the report was issued with the Committee's agenda and pending any changes prior to the completion of the audit, envisaged by 30<sup>th</sup> November 2020. It was noted that amendments had been made to the draft accounts to accommodate changes currently agreed with the Council's external auditor during their audit. These closely reflected the issues highlighted and discussed in consideration of the Audit Completion Report earlier in the agenda.

In introducing the report the Director of Finance highlighted some of the most notable features of the Accounts, including in respect of their extent and complexity, and, in particular, levels of reserves, a significant increase in assets disclosed on the balance sheet, and various aspects of the Collection Fund.

As discussed earlier on the agenda, it was noted that there was a possibility that a small number of outstanding issues might delay the anticipated completion of the accounts by 30<sup>th</sup> November. In this light it was agreed that the proposed delegation arrangement in relation to the formal approval of the accounts should remain open ended.

RESOLVED –

- (1) That the Accounts as they currently stand, having been reviewed by the Committee, be noted.
- (2) That authority be delegated to the Chair of the Accounts and Audit Committee and the Corporate Director of Finance and Systems to approve the Final Accounts for 2019/20.

**10. INSURANCE PERFORMANCE REPORT 2019/20**

The Head of Financial Management was in attendance to introduce a report of the Corporate Director, Finance and Systems which provided a summary of insurance performance for 2019/20, across a range of insurance activities, and which looked forward to expected market conditions in the coming year. An opportunity was provided for Members to raise issues in relation to the report's content; these centred on the possible implications of widespread working from home on employer's liability, claims arising from highway trees, and the potential benefits which might accrue in future from the LGA Mutual organisation, which had not been operational when the Council had last needed to issue a tender for insurance.

RESOLVED – That the content of the report be noted.

#### **11. TREASURY MANAGEMENT 2020/21 MID-YEAR PERFORMANCE REPORT**

The Director of Finance introduced a report of the Executive Member for Finance and Investment and the Corporate Director, Finance and Systems which provided Members with a summary of the Treasury Management activities undertaken for the first half of 2020/21, including in relation to Debt Activity, Investment Activity and Prudential indicators. In discussion it was acknowledged that the impact of the Covid-19 pandemic on the Council's treasury management function had been significant, notably in respect of the performance of the wider economy, interest base rates and investment income. The Council's priority was always to seek security and liquidity as priorities ahead of rate of return. Members were advised that none of the Council's Prudential Indicators in relation to Treasury activities had been breached in the first half of the year.

RESOLVED – That the Treasury Management activities undertaken in the first half of 2020/21 be noted.

#### **12. BUDGET MONITORING REPORT 2020/21 PERIOD 6**

The Executive Member for Finance and Investment and the Corporate Director, Finance and Systems submitted a report which informed Members of the current 2020/21 forecast outturn figures relating to both Revenue and Capital budgets. It also summarised the latest forecast position for Council Tax and Business Rates within the Collection Fund. In introducing the report the Director of Finance drew attention to the impact of the Covid-19 pandemic on the Council's finances, and reminded Members that, especially in a volatile situation, any projections at the mid-year point required a degree of caution. It was noted that 2021-22 was expected to be a challenging year; though the recent spending round announcement had suggested a possible minor improvement in the position, compared to what had previously been expected. An opportunity was provided for Members' questions, which centred on estimates of the Covid-related budget variance and the impact of vacancy factors.

RESOLVED –

**Accounts and Audit Committee  
26 November 2020**

---

- (1) That it be noted that the Executive had recommended that Council approve an increase to the net Revenue Budget of £261k to £175.52m as detailed in paragraph 2 of the report.
- (2) That the updated positions on the revenue budget, collection fund and capital programme be noted.

**13. 2020/21 AUDIT AND ASSURANCE SERVICE UPDATE REPORT, APRIL TO SEPTEMBER 2020**

[NOTE: Councillor Brotherton declared a Personal Interest in this item in relation to his Governorship of Worthington Primary School.]

The Audit and Assurance Manager submitted a report which provided a summary of the work of Audit and Assurance during the period April to September 2020 and provided ongoing assurance to the Council on the adequacy of its control environment. It was noted that, notwithstanding some impact on working arrangements arising from the Covid-19 pandemic, work had been completed broadly in line with the audit plan. Members would be provided at their next meeting with an updated summary of progress and an analysis of accepted and implemented recommendations arising from completed audits.

RESOLVED – That the content of the report be noted.

**14. STRATEGIC RISK REGISTER - NOVEMBER 2020 UPDATE**

The Audit and Assurance Manager submitted a report which requested Members to consider the current update on the strategic risk environment, setting out developments relating to the management of each of the Council's strategic risks. Members' attention was drawn to the incorporation of an additional risk in relation to the climate emergency, and to the amendment of a number of aspects of the report's formatting and presentation in response to Members' previous comments. It was noted that a query regarding the impact of the climate emergency risk could be taken up in ongoing review discussions with the Corporate Leadership Team, along with any other issues notified by Members outside the meeting.

RESOLVED – That the content of the report be noted.

**15. ACCOUNTS AND AUDIT COMMITTEE WORK PROGRAMME 2020/21**

The Audit and Assurance Manager submitted a report which set out the current position in relation to the work plan for the Committee for the 2020/21 municipal year. Members noted the position, including the expectation that an update on cyber security would be brought to the Committee before the end of the municipal year.

RESOLVED – That the position on the 2020/21 work programme be noted.

**Accounts and Audit Committee  
26 November 2020**

---

The meeting commenced at 4.00 pm and finished at 6.07 pm