

## **ACCOUNTS AND AUDIT COMMITTEE**

**25 NOVEMBER 2021**

### **PRESENT**

Councillor B. Brotherton (in the Chair).

Councillors C. Boyes, G. Carter, M. Cordingley, W. Hassan, D. Jerrome, J. Lloyd (Vice-Chair) and R. Thompson; and Mrs. J. Platt.

#### In attendance

Director of Finance and Systems (Mr. G. Bentley),  
Audit and Assurance Manager (Mr. M. Foster),  
Head of Financial Management (Mr. D. Muggeridge),  
Counter Fraud & Litigation Manager (Mr. D. Wright) (part only),  
Finance Manager (Mr. F. Fallon) (part only),  
Governance Officer (Mr. J.M.J. Maloney).

#### Also In Attendance

Ms. K. Murray (Mazars),  
Mr. M. Khan (Mazars).

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

It was noted that no questions had been received for referral to the current meeting.

### **26. DECLARATIONS OF INTEREST**

Councillor Boyes declared a Personal Interest in Item 31 in respect of a highways insurance issue.

### **27. MINUTES**

RESOLVED – That the Minutes of the Meeting held on 28<sup>th</sup> September 2021 be approved as a correct record and signed by the Chair.

### **28. COUNTER FRAUD AND ENFORCEMENT TEAM (CFT): 2020/21 ANNUAL REPORT**

The Counter Fraud & Litigation Manager submitted and introduced a report which outlined the Council's fraud prevention and detection performance and activities in 2020/21, and the CFT team's plans for 2021/22. The report gave highlights of activity in key areas of the Team's focus, including in relation to Council Tax and benefits, Non-Domestic-Rate Liability, Social Care Finance and Business Support Grant Irregularities. Members noted the significant volumes of additional income secured, and inappropriate expenditure averted, through these activities, and the Committee's appreciation was passed on to the Team accordingly.

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In discussion, Members noted the potential implications and costs of prosecuting fraudulent claims, and wished to explore the potential benefits, for income recovery and fraud deterrence, of imposing civil penalties in appropriate cases. It was agreed that the Executive be requested to give this issue further consideration, in the light of practice by other local authorities and any relevant national guidance.

RESOLVED –

- (1) That the content of the report be noted.
- (2) That that the Executive be requested to give further consideration to the potential benefits of imposing civil penalties in appropriate cases, in the light of practice by other local authorities and any relevant national guidance.

### **29. 2020/21 AUDIT COMPLETION REPORT**

On behalf of the Council's external auditor (Mazars), Karen Murray introduced the Audit Completion Report for the year ended 31 March 2021, extending thanks to the Council's finance team for assistance in what had been a very challenging year. The key issues arising from the audit were highlighted, along with an update on a small number of issues which had remained unresolved at the time the report was prepared; with it being noted that it was expected that an unqualified opinion would be issued on the accounts on Monday 29<sup>th</sup> November. A small number of corrections were also noted, with it being confirmed that no objections had been received from any member of the public. Members were reminded of the changes to the process and timescale in relation to the auditors' opinion on the Council's Value for Money arrangements.

RESOLVED – That the content of the Audit Completion Report be noted.

### **30. 2020/21 ACCOUNTS**

In close connection with the foregoing item, the Director of Finance and Systems submitted a report which presented the Council's Final Accounts for 2021 in their latest form. The Committee received the redrafted Final Accounts for 2020/21, as they currently stand at the time of the Committee report distribution and pending any changes prior to the completion of the audit which was expected imminently, as advised. Amendments made from the draft had been highlighted and accommodated changes currently agreed with the external auditors during their audit. Thanks were accorded to the Finance team and to the auditor, with the Director of Finance and Systems welcoming the envisaged unqualified audit opinion.

As formal signature of the accounts remained premature, delegated authority was sought from the Committee to permit this to be done as soon as the auditor's opinion had been confirmed.

RESOLVED –

*Accounts and Audit Committee (25.11.21)*

- (1) That, following review, the Accounts as they currently stand be noted.
- (2) That Authority be delegated to the Chair of Accounts and Audit Committee and the Director of Finance and Systems to approve the Final Accounts for 2020/21 once the auditor has issued their final opinion.

### **31. INSURANCE PERFORMANCE REPORT 2020/21**

[NOTE: Councillor Boyes declared a Personal Interest in this item in respect of a highways insurance issue.]

The Director of Finance and Systems submitted a report which provided a summary of insurance performance for 2020/21, focussing on the issues of the cost of insurance, claims made, achievements during the year and the outlook for the insurance market. Members noted in particular the potential impact of GDPR claims, and the expected increase in the levels of insurance premiums. An opportunity was provided for Members to raise questions on the report's content; and it was noted that further information would be sought on issues including the numbers of trees within the Council's estate, the stage at which insurance claims were successfully defended, the time taken to respond to highways claims and the benchmark used for determining a high rate of defended claims.

RESOLVED – That the content of the report be noted.

### **32. TREASURY MANAGEMENT 2021/22 MID-YEAR PERFORMANCE REPORT**

The Executive Member for Finance and Governance and the Director of Finance and Systems submitted a report which provided Members with a summary of the Treasury Management activities undertaken for the first half of 2021/22, focussing on the key areas of debt activity, investment activity and prudential indicators. In reviewing the report, Members were advised that the Council's Internal Audit team had reviewed its Treasury Management activities, and had accorded the function the highest level of audit assurance.

RESOLVED – That the Treasury Management activities undertaken in the first half of 2021/22 be noted.

### **33. BUDGET MONITORING 2021/22 - PERIOD 6 (APRIL TO SEPTEMBER 2021)**

The Executive Member for Finance and Governance and the Director of Finance and Systems submitted a report which informed Members of the current 2021/22 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. The Committee noted that the report had been referred to and considered by the Executive at its meeting on 22<sup>nd</sup> November, as part of its regular financial monitoring activity.

In discussion it was noted that the Council had lobbied Government regarding the position on low-funded Councils; this communication, and any response, could be shared with Members. Responses were also given in respect of queries on the Council's methods of prioritising funding, and on the presentation of variances arising from the Collection Fund.

RESOLVED – That the updated positions on the revenue budget, collection fund and capital programme be noted.

### **34. AUDIT AND ASSURANCE REPORT FOR THE PERIOD AUGUST 2021 TO OCTOBER 2021**

The Audit and Assurance Manager submitted and introduced a report whose purpose was to provide a summary of the work of Audit and Assurance during the relevant period and to provide ongoing assurance to the Council on the adequacy of its control environment. Members noted good levels of compliance with recommendations and follow-up of previous audit reports, and were advised of the reasons for deployment of the audit contingency.

RESOLVED – That the content of the report be noted.

### **35. STRATEGIC RISK REGISTER - NOVEMBER 2021 UPDATE**

The Audit and Assurance Manager submitted a report which provided an update on the strategic risk environment, setting out developments relating to the management of each of the Council's strategic risks. Members noted the increased risk categorisation in respect of the Council's overall financial position; and that more specific reports, including in relation to cyber security, would be brought to the Committee's meeting in February 2022. In respect of the newly included Climate Emergency risk, Members noted that the refinement of the definition of the risk and associated objectives and targets would facilitate the monitoring of its impact and mitigation.

RESOLVED – That the content of the report be noted.

### **36. PROCESS FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR**

[NOTE: The representatives of Mazars left the room during consideration of this item.]

The Director of Finance and Systems submitted a report which set out options and proposals for appointing the Council's external auditor for the five-year period from 2023/24. In view of the comparatively lengthy lead-in period, the Committee was requested to consider the options for the procurement of external audit services and support and recommend to Council the preferred option, namely to opt into the sector-led option through Public Sector Auditor Appointments (PSAA) for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

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RESOLVED – That the preferred option, namely to opt into the sector-led option through Public Sector Auditor Appointments (PSAA) for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023, be supported and recommended to Council.

**37. ACCOUNTS AND AUDIT COMMITTEE WORK PROGRAMME 2021/22**

The Audit and Assurance Manager submitted a report which set out the work plan for the Committee for the 2021/22 municipal year, highlighting key issues scheduled to be reviewed during the remaining meetings in the municipal year. The report outlined areas to be considered by the Committee at each of its meetings, over the period of the year, with the programme designed to ensure that the Committee met its responsibilities under its terms of reference and maintains focus on key issues and priorities as defined by the Committee. It was noted that the work programme was flexible and could have items added or rescheduled if this ensured that the Committee best met its responsibilities.

RESOLVED – That the content of the report be noted.

The meeting commenced at 6.30 p.m. and finished at 8.27 p.m.