

AUDIT COMMITTEE

Virtual Meeting held on Monday, 29th March, 2021 at 7.00 pm

Present: Councillor David Walters in the Chair;

Councillors John Baird, Jim Blagden,
Arnie Hankin, Kevin Rostance and Dave Shaw.

Apology for Absence: Councillor Christian Chapman.

Officers Present: Bev Bull, Lynn Cain, Ruth Dennis, Peter Hudson
and Shane Wright.

In Attendance: Michael Butler (Mazars).
Mandy Marples and Hannah McDonald (CMAP).

AC.31 Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests

No declarations of interest were made.

AC.32 Minutes

RESOLVED

that the minutes of the meeting of the Committee held on 1 February 2021, be received and approved as a correct record.

AC.33 MAZARS: Audit Progress Report - Year Ending 31 March 2021

Mazars Audit Manager, Michael Butler, presented the report and provided the Audit Committee with an update on progress in delivering its responsibilities as the Council's External Auditor.

Work was progressing well and on track with the agreed timetable with the preliminary date for completion of the draft Statement of Accounts being set at 30 September 2021.

Members were asked to note that in the Audit Strategy Memorandum, Mazars had reported that Nottinghamshire Pension Fund was a service organisation for the purposes of their audit approach. Having considered the International Auditing Standards (UK) (ISAs) definitions of service organisations, it had been re-evaluated and concluded that Nottinghamshire Pension Fund did not meet the definition of a service organisation. This change, however, would not have any significant impact on the audit strategy or risk assessment.

The three significant risks originally identified in the Audit Strategy still remained appropriate for 2020/21 and would be addressed as part of the agreed audit process:

- Management override of controls
- Valuation of the net defined benefit pension liability
- Valuation of land & buildings, HRA dwellings, investment properties and other PPE related assets (where material).

An additional audit risk in relation to Covid-19 Grants recognition had also been added as a result of local authorities being provided with substantial sums of Government financial support to distribute to local businesses during the Covid-19 pandemic.

RESOLVED

that the External Auditor's progress report, as presented to Committee, be received and noted.

AC.34 Accounting Policies for 2020/21 and other Statement of Accounts Matters

The Council's Chief Accountant presented the report and requested Committee Members to consider the accounting policies that the Council were proposing to adopt for the current financial year in the preparation of the Statement of Accounts for 2020/21.

Members were also advised as to the impact of changes to the Code of Practice on Local Government Accounting on the production of the 2020/21 Statement of Accounts process.

RESOLVED that

- a) the Accounting Policies, as detailed at Appendix A to the report, be approved;
- b) it be noted that any subsequent amendments or changes to the policies and the associated financial implications will be reported back to this Committee.

(Following consideration of this item, Councillor Kevin Rostance joined the meeting at 7.13pm.)

AC.35 Pension Assumptions for 2020/21 Statement of Accounts

The Council's Chief Accountant presented the report and explained the purpose of the IAS19 (International Accounting Standards) and what assumptions had been made by the Pension Fund Actuary as outlined in the briefing note appended to the report.

RESOLVED

that having considered the Actuary's briefing note attached as Appendix A and the proposed IAS 19 assumptions detailed within it, the assumptions be agreed as the basis for the calculation of the pension figures required for the 2020/21 Statement of Accounts.

AC.36 Independent Member for the Audit Committee

The Corporate Finance Manager (and Section 151 Officer) requested Members to consider the potential appointment of an Independent Member to the Audit Committee as per CIPFA Best Practice Guidance, National Audit Office (NAO) Guidance and the Redmond Review Recommendations.

Having considered the pros and cons for the appointment, as outlined in the report, Members were reminded that the appointment of an Independent Member was not statutory but deemed good practice and if they were minded to do so, a recommendation would need to be made to Cabinet for approval.

RESOLVED

that the opportunity to appoint an Independent Member to the Audit Committee as per CIPFA Best Practice Guidance, National Audit Office (NAO) Guidance and the Redmond Review Recommendations, be declined.

AC.37 Audit Progress Report

Hannah McDonald, CMAP's Group Auditor, presented the report and summarised audit progress as at 17 March 2021.

Seven pieces of work had been finalised during that time with five audit assignments having been completed. The 'People Management' audit review that was showing as 90% completed in the report had now also been issued. A synopsis of each of the completed reviews were presented to Members for information.

With regard to recommendation tracking, Members were heartened to see that there were few outstanding recommendations but for those still awaiting completion, it was acknowledged that the impact of the pandemic was continuing to cause delays in some areas. As a result of this some of the deadline dates for the Depot Investigation had been extended accordingly.

RESOLVED

that audit assignment progress as at 17 March 2021, as presented to Committee, be received and noted.

AC.38 Internal Audit Plan 2021-22 and Audit Charter

Mandy Marples, CMAP Audit Manager, presented the Audit Plan for 2021/22 and the Audit Charter and explained the process for selecting audit reviews, based upon consultation with the Council's Leadership Team (CLT), utilising

the Council's risk registers and CMAP's bespoke risk assessment model.

RESOLVED

that the content of the Audit Plan for 2021/22 and Audit Charter, as presented, be received and approved.

AC.39 Corporate Governance and Anti-Fraud Update

The Director of Legal and Governance (and Monitoring Officer) presented the report requesting Members to consider the Local Code of Corporate Governance, the processes in place for preparing the 2020/21 Annual Governance Statement and summary updates relating to the Anti-Fraud audit reviews undertaken during 2020/21.

In relation to the Local Code of Corporate Governance, Members were reminded that the Council already had a suite of policies and procedures in place which collectively made up its governance arrangements. These included various policies and procedures which set out the Council's approach to preventing, detecting and investigating fraud and corruption. The policies and procedures were last updated and approved by Committee in February 2020 and no further changes were recommended at this present time.

Due to the COVID-19 Pandemic, the arrangements for the preparation and publication of the Annual Governance Statement (AGS) for 2019/20 had been changed to reflect the demands placed upon local authorities and deadlines were extended resulting in the AGS being presented to Committee on 19 October 2020.

Work needed to get back on track for 2021/22 although the deadline for the Council to prepare the draft Statement of Accounts and the AGS had again been extended in light of COVID-19 and work pressures, to 31 July 2021.

In relation to work undertaken by Internal Audit regarding anti-fraud activity during 2020/21, the main areas considered were as follows:

- Management of Fraud Risk - Audit Review
- COVID-19 Business Grants
- Data Matching for Local Restrictions Support Grants and Additional Restrictions Grants.

Members were advised as to the remit of each review, the investigative work undertaken including outcomes and any subsequent recommendations to management for approval and implementation.

RESOLVED

that having been duly considered by Committee, the following be received and noted:

- a) the Local Code of Corporate Governance, as appended to the report, and acknowledgment that no changes are required at this present time;
- b) the process for preparing the 2020/21 Annual Governance Statement;

- c) summary updates relating to Anti-Fraud audit reviews undertaken during 2020/21.

AC.40 Whistleblowing Annual Update

The Director of Legal and Governance (and Monitoring Officer) presented the report and provided Members with an update as to the operation of the Whistleblowing Policy over the preceding 12 months. In relation to the Whistleblowing Policy, Members were advised that no changes were required for the forthcoming year.

One anonymous whistleblowing complaint, via the trade union, had been received in the preceding twelve months. The allegations were substantial and were in relation to alleged fraud, corruption and bribery. An extensive investigation was carried out with 16 people being interviewed by the Director of Legal and Governance and the Chief Executive and the police were also involved at certain points in the investigation. On its conclusion, there had been no evidence of any wrongdoing and no disciplinary action was taken but some management recommendations had been made and disseminated accordingly.

It had been acknowledged following the investigation, that most whistleblowing allegations were now being submitted as anonymous through the unions and management were keen to ascertain why this was. Investigations could be undertaken with far greater clarity and understanding if the whistle blower was a named officer and it was hoped that this course of action could be encouraged in the future.

The Director of Legal and Governance (and Monitoring Officer) was intending to be a more visible presence at the Depot going forward to encourage a drop in approach for staff wishing to voice any concerns or worries in confidence.

RESOLVED that

- a) it be acknowledged that no changes were required to the Whistleblowing Policy, as appended to the report, for the forthcoming year;
- b) the update as to the operation of the Whistleblowing Policy over the preceding 12 months, be received and noted.

The meeting closed at 8.02 pm

Chairman.