

## **AUDIT COMMITTEE**

**Meeting held in the Committee Room, Council Offices, Urban Road, Kirkby-in-Ashfield,**

**on Monday, 28th March, 2022 at 7.00 pm**

**Present:** Councillor Christian Chapman in the Chair;

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

**Apologies for Absence:** Councillor David Walters.  
Pete Hudson.

**Officers Present:** Bev Bull, Lynn Cain, Ruth Dennis,  
Joanne Froggatt, Andy Slate and  
Phil Warrington.

**In Attendance:** Hannah McDonald and Mandy Marples (CMAP).

### **AC.27 Appointment of Chairman**

RESOLVED

that Councillor Christian Chapman be appointed as Chairman for the duration of the meeting.

### **AC.28 Declarations of Disclosable Pecuniary or Personal Interests and/or Non-Registrable Interests**

No declarations of interest were made.

### **AC.29 Minutes**

RESOLVED that

- a) that the minutes of the meeting of the Committee held on 31 January 2022, be received and approved as a correct record;
- b) Mazars finalised Auditor's Annual Report for 2020/21, as presented and including the Value for Money (VFM) commentary and conclusions (Minute No. AC.20 refers), be received and noted.

### **AC.30 ICT Inventory Review**

Andy Slate, the Council's Service Manager for ICT, gave a verbal update in relation to the ICT Inventory Audit Review.

Members were advised that ICT had engaged with an additional resource to undertake work to resolve the issues with the ICT Inventory which included the following:

- collecting old equipment particularly from former offices at Brook Street, Sutton and Watnall Road, Hucknall
- sorting useful equipment from old equipment
- selecting a company to collect and dispose of the old equipment to the correct WEEE standards and to ensure any data held on hard drives etc. was securely destroyed
- investigating whether other equipment had any value in particular the old Cisco telephone handsets that were out of support (they were ultimately disposed of as they were not of any value)
- tidying up of all the ICT storage locations (Hucknall Room, ICT Storeroom and Build Room), which had become cluttered with equipment returned from the former offices at Brook Street and Watnall Road
- setting up a software solution to record all ICT equipment and provide a method for ICT to easily record equipment allocations and returns.

In relation to the software solution and after investigating options of both paid for and free software, a solution called Snipe-IT was selected which was an Open-Source solution that provided full cataloguing of all types of equipment, recording asset numbers, purchase dates and allocations. Once installed, it was configured and populated with the current hardware in use across the Authority. The ICT Team were then given training in its use and maintenance.

Further work had also been undertaken to track down missing equipment and work had also been undertaken to record all mobile devices in use and to migrate devices on old tariffs to the main Council account. All phones had been contacted and the registered users checked and recorded in Snipe-IT. Some devices had been ceased and others have been scheduled for replacement of the handset and migration to the Council's Daisy account and it was intended that all the mobile phone work would be completed by the end of April.

RESOLVED

that progress in relation to the ICT Inventory Audit Review be received, noted and welcomed.

### **AC.31 Homes England Compliance Audit Report 2021/22**

Phil Warrington, the Council's Service Manager for Strategic Housing & Lettings presented the report and updated Members regarding the findings of the Compliance Audit Report – 2021/22 which was conducted on the Council's first affordable housing development scheme in Sutton in Ashfield due to an identified breach.

The Council had embarked on a £10m affordable development programme, aimed at delivering 100 new homes over a 5-year period with financial support from Homes England funding around 25 - 30% of the build costs. In January 2021 the Council began its first development of 4 bungalows on former community centre sites at The Poplars and The Beeches and 5 family homes on a former car park on Stoney Street.

In June 2021 the Council were advised by Homes England that an independent audit of the Sutton scheme was required, and arrangements were made for Central Midlands Audit Partnership (CMAP) to conduct the audit in accordance with Homes England requirements.

In January 2022 the Council received the Homes England's Compliance Audit Report – 2021/22 which concluded that the Council had failed to meet requirements with one high level breach having been identified. The breach was in relation to initial funding being drawn down (via a computer portal) prior to any formal build contract being in place.

The Council accepted the findings of the audit and had confirmed that appropriate steps were being taken to address the breach. The Director of Housing and Assets had also met with the Lead Regulator to assist and ensure that all the Council's future dealings with Homes England would be in full compliance of all due requirements.

RESOLVED that

- a) the findings from the Homes England Compliance Audit Report – 2021/22, as presented, be received and noted;
- b) the steps taken to address the breach identified in the Audit Report and the processes now in place to reduce the risk of any future audit failure, be approved.

### **AC.32 Corporate Risk Update**

The Assistant Director, Corporate Services and Transformation presented the Corporate Risk Register and advised that 100% of corporate risks had been effectively managed without any increase in risk assessment rating over the preceding 12 months with 30% of the risks also successfully receiving a reduction in risk assessment rating.

Members were advised of the 9 significant corporate risks as follows:

- Sustainability of HRA business plan to invest in current and new stock
- Having an adopted Local Plan
- Planning Appeal Decisions
- Ability to meet statutory obligation process timescales (e.g. gas servicing)
- Ability to comply with the regulatory regime set out by the Regulator of Social Housing

- Workforce Planning – inability to recruit and/or retain to critical posts
- Potential impact on resource levels and capacity due to Covid
- Temporary Accommodation (TA) – sufficient units to meet demand
- Legal Services – Lack of staffing resources and disruption caused by exiting Shared Service.

With regard to the newly added Legal Services risk, the Director of Legal and Governance informed the Committee that a recent recruitment exercise for 4 vacant roles within the new structure had been particularly successful and it was hoped that the new team would be fully staffed and in situ by 1 July 2022.

To conclude, Members acknowledged that the Central Midlands Audit Partnership (CMAP) review in relation to risk management had concluded in December 2021 with 15 recommendations being made to management. The Risk Strategy had since been amended to take into account the audit recommendations and was appended to the report for information.

RESOLVED that

- a) the current significant items on the Corporate Risk Register, as presented, be received and duly noted;
- b) the recent audit recommendations and proposed updates to the Corporate Risk Strategy, as outlined in the report, be received and endorsed.

### **AC.33 Accounting Policies for 2021/22 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 2021/22.

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.

### **AC.34 Pension Assumptions for the 2021/22 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 2021/22 Statement of Accounts.

### **AC.35 Audit Progress Report**

Hannah McDonald, CMAP's Group Auditor, presented the report and summarised audit progress as at 15 March 2022.

Four pieces of work had been finalised during that time and a synopsis of each of the completed reviews were presented regarding the following:

Housing Health & Safety Statutory Compliance  
Outdoor Recreation – Sports bookings  
Payroll 2021-22  
Risk Management 2021-22.

There were no planned changes to the Audit Plan at the present time.

With regard to outstanding recommendation tracking, Members were advised that revised completion dates of 30 April 2022 had now been set for the Fire Safety review recommendations. Concerns were raised in relation to the Outdoor Recreation – Sports Bookings Report findings and Committee requested an update be given to the July meeting of the Committee.

RESOLVED that

- a) audit assignment progress as at 15 March 2022, as presented to Committee, be received and noted;
- b) an update be presented at the next meeting of the Committee to advise Members on progress regarding the Outdoor Recreation – Sports Bookings Report recommendations.

### **AC.36 Internal Audit Plan 2022-23 and Audit Charter**

Mandy Marples, CMAP Audit Manager, presented the Audit Plan for 2022/23 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.

Members were advised as to the audits to be undertaken in 2022/23 and these included the People Management and ICT Inventory reviews that had been carried over from the previous year.

RESOLVED

that the content of the Audit Plan for 2022/23 and Audit Charter, as presented, be received and approved.

### **AC.37 Corporate Governance and Anti-Fraud Update**

The Director of Legal and Governance (and Monitoring Officer) presented the report which outlined how the Council manages its governance arrangements.

A framework of policies and procedures were currently in place which underpinned good governance within the Authority and Members were asked to consider each document and their updates for the forthcoming municipal year.

Committee acknowledged that work on the Annual Governance Statement was currently on track and once the draft was completed it would be presented to Audit Members via a virtual meeting for consideration.

Some of the anti-fraud work was underway but some policies were still being reviewed and updated and these would be presented for approval as soon as they became available. In relation to the Fraud Risk Register, a corporate decision had been made to redesign the format in line with the Council's Corporate Risk Register and this work had commenced accordingly.

To conclude, Members were also asked to note that the Whistleblowing Policy had been slightly amended for 2022/23 and no incidences of whistleblowing had been received for investigation during the last 12 months.

#### **RESOLVED**

that the following be received, noted and approved by the Committee:

- a) the amendments to the Local Code of Corporate Governance as shown at Appendix 1;
- b) the process for preparing the 2021/22 Annual Governance Statement;
- c) the minor changes to the Prosecution Policy as shown at Appendix 2;
- d) the minor changes to the Anti-Money Laundering Policy Statement and Procedure as shown at Appendix 3;
- e) the minor changes to the Anti-Bribery Policy as shown at Appendix 4;
- f) the minor changes to the Whistleblowing Policy in accordance with the draft attached to the report at Appendix 5;
- g) how the Whistleblowing Policy has operated during 2021/22.

The meeting closed at 8.14 pm

Chairman.