

## AUDIT COMMITTEE

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

on Monday, 18th October, 2021 at 7.00 pm

**Present:** Councillor David Walters in the Chair;

Councillors John Baird, Will Bostock,  
Christian Chapman and Sarah Madigan (as  
substitute for Jim Blagden).

**Apologies for Absence:** Councillors Jim Blagden and Dave Shaw.

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

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

### **AC.11 Declarations of Disclosable Pecuniary or Personal Interests and/or Non-Registrable Interests**

No declarations of interest were made.

### **AC.12 Minutes**

RESOLVED

that the minutes of the meeting of the Committee held on 26 July 2021, be received and approved as a correct record subject to the following amendment to Minute No. AC.7 (first paragraph) as follows:

*“Mandy Marples, CMAP Audit Manager, presented the Internal Audit Annual Report for 2020/21 and as Chief Audit Executive, had reached an overall opinion that there was currently a...*

#### Current Text

*...‘satisfactory system of internal audit’ (the highest rating permissible) at the Council. Findings had indicated on the whole, controls were satisfactory, and management had been supportive in implementing any suggested enhancements via an action plan for improvement.*

#### Amended Text

*...Satisfactory System of Governance, Risk and Internal Control at the Council. Findings indicated that on the whole, arrangements were satisfactory, although some enhancements may have been recommended.”*

## **AC.13 MAZARS: Audit Completion Report**

David Hoose presented the Audit Completion report for Mazars to those charged with governance for 2020/21.

Committee Members acknowledged that the audit had been clean with good progress being made. The work was substantially complete and there were currently no matters which would require modification of their current audit opinion.

### Outstanding Matters

The outstanding matters (amber status), as outlined within the report at page 15, had now all been completed since publication of the agenda with the Property, plant and equipment matter (red status) remaining on track. In relation to the Whole Government Accounts (green status), guidance from central government in relation to the 2020/21 process was still awaited prior to any work commencing as planned.

### Significant Findings

In relation to any significant findings from the audit, as outlined in Section 4 of the report, no issues had been identified that needed to be brought to the attention of Members.

### Unadjusted Misstatements

A matter brought to Mazars' attention by the Nottinghamshire Pension Fund auditors regarding an identified 0.23% difference (increased) between the estimated 2020/21 Fund investment asset value used by the Actuary to prepare the employers' IAS19 valuation reports and the 2020/21 Fund financial statements being audited, had been disclosed as a difference £289k and this had not been classed as material in relation to the audit.

### Adjusted Misstatements

Council Finance Management had identified an adjustment to the accounts of around £1.5million in relation to Property, plant and equipment which would be adjusted in the final accounts. This would have no impact on the Council's outturn position.

### Internal Control Recommendations

There were no internal control recommendations identified as part of the 2020/21 financial audit so focus had been on an internal control recommendation disclosed within 2019/20 that remained open regarding Property, plant and equipment.

### Value For Money Conclusion

Work was yet to be completed in respect of the Council's arrangements for the year ended 31 March 2021 but to date, no significant weaknesses in arrangements had been identified. Work was ongoing at the present time. It was noted that the Value For Money position would need to be published within 90 days of the Accounts being approved.

### **RESOLVED**

that the Audit Completion report for 2020/21, as presented to Committee by Mazars, be duly received and noted.

Due to temporary technical problems with the electronic presentation equipment in the Committee Room, the Chairman advised that in accordance with Council Procedure Rule 4.1 (Order of Business), agenda item 5 (Audited Statement of Accounts 2020/21) would be taken at the end of the agenda. All Members present agreed with this course of action.

#### **AC.14 Financial Management Code Self-Assessment**

The Council's Chief Accountant presented the report and outlined the main principles of the CIPFA Financial Management Code (the FM Code) for good financial accounting. Local Authorities were required to complete a self-assessment of their assessed level of compliance with the standards contained in the FM Code and Members duly considered the completed self-assessment and action plan as outlined at Appendix 1.

RESOLVED

that the Council's position against the CIPFA Financial Management Code self-assessment requirements and the action plan as presented, be received and noted.

#### **AC.15 Treasury Management Mid-Year Report 2021/22**

The Council's Chief Accountant presented the report and asked Members to consider the Treasury Management mid-year report, written in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and which covered the following:

- An economic update for the 2021/22 financial year as at 30 September 2021
- The Council's capital position (including prudential indicators)
- The Council's investment portfolio for 2021/22
- The Council's borrowing position for 2021/22.

RESOLVED that

- a) the Treasury Management mid-year report, as presented, be received and noted;
- b) the changes to the 2021/22 Prudential Indicators following in year changes to the 2021/22 Capital Programme, as detailed in the report, be approved.

#### **AC.16 Audit Progress Report**

Mandy Marples, CMAP Audit Manager, presented the report and summarised audit progress as of 18 October 2021.

Members were asked to note one change to the plan regarding the IT Audit for the Council's ICT Asset Inventory. During preliminary work, the Council recognised that there was a body of work required to bring the inventory up to date. With the approval of the Director of Legal and Governance, the audit had therefore been removed from the plan and replaced with a review of IT

Key Controls and would be included back into the audit plan following completion of the work being undertaken. The IT Key Controls audit would ensure that essential IT Controls continued to operate as intended.

Four pieces of work had been finalised since the last meeting and all four had received reasonable assurances:

Financial Health & Resilience  
Teleworking Security  
Environmental Health  
PCI – Compliance in  
Organisational Development.

Members also received an update in relation to outstanding recommendations and their current status including two recommendations that had been superseded due to the pandemic.

During the ensuing discussion, a Member raised concerns (and asked for them to be formally noted) that the IT Council's ICT Asset Inventory review had been postponed due to the inventory documentation being out of date and was of the belief that the review should be undertaken regardless. Committee were informed that management were aware of the situation and had already commissioned an outside resource to carry out the work to update the inventory as required.

RESOLVED that

- a) audit assignment progress as of 18 October 2021, as presented to Committee, be received and noted;
- b) the Director of Resources and Business Transformation be invited to attend the next meeting of the Committee to advise Members on progress regarding the ICT Asset Inventory update.

#### **AC.17 Audited Statement of Accounts 2020/21**

The Council's Corporate Finance Manager (and Section 151 Officer) provided a presentation to the Committee giving details of the audited Statement of Accounts for 2020/2021.

RESOLVED that

- a) approval be given to the audited Statement of Accounts for 2020/21 subject to the outstanding items identified in the External Auditors Completion Report 2020/21;
- b) delegated authority be granted to the Corporate Finance Manager (Section 151 Officer), for final approval of the audited Statement of Accounts for 2020/21, subject to a satisfactory outcome of outstanding items with a proviso to report back to Audit Committee details of any changes, if required.

The meeting closed at 8.20 pm

Chairman.