

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Tuesday 16th April 2019 at 1400 hours.

PRESENT:-

Members:-

Councillor K. Reid in the Chair

Councillors A.M. Syrett, D. McGregor, T. Munro, and D.S. Watson.

Officers:- J. Williams (Internal Audit Consortium Manager) Theresa Fletcher (Chief Accountant and Section 151 Officer), Sarah Sternberg (Head of Corporate Governance and Monitoring Officer) and Donna Cairns (Senior Governance Officer).

Also in attendance at the meeting was R. Jaffray (Co-optee Member) and M. Norman (Mazars, the Council's External Auditors).

0865. APOLOGY

An apology for absence was received on behalf of Councillor B Watson.

0866. URGENT ITEMS OF BUSINESS

There were no urgent items of business considered at the meeting.

0867. DECLARATIONS OF INTEREST

There were no declarations of interest made.

0868. MINUTES – 29TH JANUARY 2019

In relation to Minute No. 0641, Councillor T. Munro requested a copy of the self-assessment on the role and effectiveness of the Committee.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett

RESOLVED that the Minutes of the meeting of Audit Committee held on 29th January 2019 be approved as a correct record.

0869. REPORTS OF THE COUNCIL'S EXTERNAL AUDITOR – MAZARS AUDIT STRATEGY MEMORANDUM

Committee considered a report from Mazars, the Council's external auditors, which presented the Audit Strategy for Members information.

The report summarised Mazar's audit approach, highlighted significant audit risks and areas of key judgements and provided details of Mazar's audit team.

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The Committee was informed that there had been no change to the responsibilities of the auditors in the performance of the audit work. The significant risks identified included management override of control, the valuation of plant, property and equipment and the defined benefit liability valuation.

Further audit risks that would be reviewed included the Council's provision for business rate appeals and the minimum revenue provision.

In producing their Value for Money opinion, Mazar's were required to form a conclusion as to whether the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. No significant risks had been identified for the financial year 2018/19. Areas for review that had been identified were financial sustainability and the Council's Commercial Property Investment Strategy.

Members were informed of an error in the report which had attributed the audit fees to the wrong years. The audit fee for 2018/19 was £38,046 which was less than the fee for 2017/18 at £49,410.

The Committee's attention was drawn to the materiality thresholds which the audit work would have regard to and Mazar's commitment to independence and compliance with the Financial Reporting Council's Ethical Standard.

Moved by Councillor D. McGregor and seconded by Councillor T. Munro
RESOLVED that the report be noted.

0870. AUDIT COMMITTEE PROGRESS REPORT

The Committee considered a report of the Council's external auditors, Mazars, which provided an update on progress in the delivery of their responsibilities.

It was noted that since the last meeting of the Committee, Mazar's had completed their interim audit and had no matters to report on at this stage. Thanks were given to the Chief Accountant and the Finance Team for supporting the audit.

Members' attention was drawn to a number of key emerging national issues and developments which were summarised within the report. In particular the CIPFA Proposed Financial Management Code for Local Government was highlighted.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

0871. REPORTS OF THE INTERNAL AUDIT CONSORTIUM MANAGER INTERNAL AUDIT PLAN 2018/19

The Committee considered the Internal Audit Plan for 2019/2020.

A key requirement of the public sector internal audit standards was that a periodic risk based plan should be prepared that was sufficiently flexible to reflect the change in risks and priorities of the organisation. The risk based plan should be fixed for a period of no longer than one year, should outline the assignments to be carried out, their respective priorities and the estimated resources needed.

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The plan had been prepared to take into account the following factors:

- The organisational objectives and priorities
- Local and national issues and risks
- The requirement to produce an annual internal audit opinion
- The organisation's assurance framework
- An update of the internal audit risk assessment exercise covering the financial control and other procedure subject to audits
- The fraud risk register
- The Council's strategic risk register and
- The views of the Strategic Directors, the Head of Finance and Resources and s151 Officer and the Strategic Alliance Management Team.

Particular features of the 2019/20 plan that were highlighted included the intention not to review Council Tax during the year as there were no system or legislative changes and the performance in previous audits had been good. The inclusion of Members' ICT equipment and Members' expenses were noted.

The frequency of review of Freedom of Information and Data Protection areas was queried. Members were advised that an audit had recently been performed following the implementation of GDPR and that adequate provision had been made to monitor these areas during the cycles of audit plans.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that the Internal Audit Plan for 2019/20 be agreed.

0872. INTERNAL AUDIT CONSORTIUM SUMMARY OF PROGRESS ON THE ANNUAL INTERNAL AUDIT PLAN 2018/19

The Committee considered a report which presented progress made by the Internal Audit Consortium in respect of the 2018/19 Internal Audit Plan.

Between 19th January and 5th April 2019, six reports had been issued; four with substantial assurance and two with reasonable assurance. Members were informed that the final reports from the 2018/19 Internal Audit Plan would be presented to the next meeting of the Committee.

Moved by Councillor T. Munro and seconded by Councillor D. McGregor
RESOLVED that the report be noted.

0873. REPORT OF THE HEAD OF CORPORATE GOVERNANCE AND MONITORING OFFICER

ANNUAL GOVERNANCE STATEMENT 2018/19

The Committee considered the Annual Governance Statement 2018/19.

The purpose of the report was to seek the agreement of the Committee to the conclusions and content of the Annual Governance Statement which was proposed to be incorporated within the Council's Statement of Accounts 2018/19.

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Preparation of the Statement had been undertaken in line with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework which set out the fundamental principles of Corporate Governance that needed to be addressed within the Annual Governance Statement.

Two limited assurance internal audit reports had been issued during the year, Health and Safety and Property Service Compliance, which were included in the Statement.

Significant governance issues identified within the Statement included:

- Balancing the Council's budget over the Medium Term Financial Plan through securing efficiency savings
- Failure of the Local Plan to progress to submission stage and to be found sound at independent examination.
- Failure to recruit a Joint Head of Finance and Resources who is Section 151 Officer
- The impact of the United Kingdom leaving the European Union
- Failure to maintain sufficient resources and capacity in strategic areas.

Details of the actions taken by the Council to address and mitigate these risks were included in the report.

It was noted that a further update to the situation regarding the Local Plan could be provided as further information on the status of the Examination would be released.

The name of the Committee Chair on the Draft Memorandum would be corrected to the current Chair, Councillor Karl Reid.

Members agreed that the Annual Governance Statement for 2018/19 was robust.

Moved by Councillor A.M. Syrett and seconded by Councillor D. McGregor

RESOLVED that

- (1) the draft Annual Governance Statement as set out at Appendix 2 to the report be approved,
- (2) having reviewed the effectiveness of the governance framework, the Committee was satisfied that the Council's governance and internal control arrangements were fit for purpose.

The Chair of the Committee thanked officers for supporting the work of the Committee and the Members and the Co-opted Member for their service during the year. The Chair particularly thanked Councillor Syrett who would not be standing in the forthcoming District Elections and this would be her last meeting.

The meeting concluded at 14.25.