

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Minutes of a meeting of the Audit & Corporate Overview Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Tuesday, 14th September 2021 at 14:00 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors Chris Kane, Tom Kirkham, Graham Parkin, Peter Roberts and Ruth Jaffray (Coopted Member).

Officers:- .

Officers:- Theresa Fletcher (Head of Finance & Resources/Section 151 Officer), Jenny Williams (Internal Audit Consortium Manager), Kath Drury (Information, Engagement and Performance Manager), Victoria Dawson (Head of Housing Management & Enforcement), Jim Fieldsend (Team Leader (Solicitor) (to Minute No **ACO28-21/22**), Joanne Wilson (Scrutiny & Elections Officer) and Alison Bluff (Governance Officer).

Also in attendance at the meeting was Councillor Clive Moesby, Portfolio Holder for Finance & Resources, Mike Norman (MAZARS), and Councillors Rita Turner (Vice Chair Customer Services Scrutiny), Jen Wilson (Chair Local Growth Scrutiny Committee) and Paul Cooper (Vice Chair Local Growth Scrutiny Committee).

ACO17-21/22 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Jane Bryson and Donna Hales.

ACO18-21/22 URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

ACO19-21/22 DECLARATIONS OF INTEREST

Councillor Graham Parkin declared a disclosable pecuniary interest in Agenda Item 6 - Report to those charged with Governance - MAZARS Audit Completion report, as he was a South Normanton Parish Councillor, MAZARS were also auditors for the South Normanton Community Centre, run by the Post Mill Centre of which he was a Director. Also, Agenda Item 7 - BDC Statement of Accounts 2020/21, as Councillor Parkin held shares in Lloyds Bank who were the Council's banking provider.

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

ACO20-21/22 MINUTES

Moved by Councillor Chris Kane and seconded by Councillor Graham Parkin
RESOLVED that the Minutes of an Audit & Corporate Overview Scrutiny Committee be approved as a correct record.

ACO21-21/22 CORPORATE AMBITIONS PERFORMANCE UPDATE - APRIL TO JUNE 2021 (Q1 - 2021/22).

Committee considered a report regarding the April to June 2021 quarter performance outturns against the Council's Ambition 2020-2024 targets and relevant service indicators.

Aim: - Our Customers – Providing excellent and accessible services

There were 10 targets in total under this aim. Eight targets were on track and two targets had been affected by Covid19, these were CUS 08 and CUS 07.

CUS.07 - *Reduce average relet times for standard voids (council properties) to 20 calendar days by March 2021 and maintain thereafter.* Housing officers were aware that the outturn for this target was some way off and that there were issues to be addressed.

CUS.08 - *Maintain high levels of tenant satisfaction with council housing and associated services.* Committee was advised that the Star Survey would be carried out in the current year and this would be an important piece of work to attain information from.

Aim: - Our Economy – by driving growth, promoting the District and being business and visitor friendly

There were 10 targets in total under this aim. Six were on track and one target outturn for 2020/21, **ECO.05** - *Annually review housing delivery in the district and facilitate delivery to meet the annual target of 272 new homes,* had been confirmed and achieved with the outturn being 446 dwellings, exceeding the target.

In response to a Member's query regarding **ECO.02** - *Optimise business growth (as measured by gross Business Rates) by £2m by March 2023,* the Head of Finance & Resources noted that business rates would only be affected if the business premises were unoccupied. However, if the premises were occupied, the Council would receive income. She added that the Council was still awaiting for the Government's Business Reform which they had already delayed by 4- 5 years. There was a lot of growth in the District for business rates and it would be bad news if the Government decided to carry out a full business rates reset because the growth the Council had accumulated since 2012/13 would be effectively lost. The Portfolio Holder for Finance & Resources added that every effort was made by the Council to collect business rates. Currently, the Council had a low base line and if this increased, it would be bad news for the Council. It was important that Members understood what was happening and although the Council had been prudent in the past, it needed to be innovative to get money in.

With regard to **ECO.06** - *Work with partners to deliver an average of 20 units of affordable homes each year,* and **ECO.07** - *Deliver 150 new homes through the Bolsover*

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Homes Programme by March 2024, Members queried the impact of substantial increases in the cost of building materials on the affordability of the houses being built under the Bolsover Homes programme. The Head of Housing Management & Enforcement noted that the Council entered into an agreed contractual price at the outset and any increase in building costs would have to be met by the contractor. However, for future schemes, the impact of the Members' query would be seen - officers would work with the Head of Finance & Resources and look at this going forward.

Members queried why the houses and bungalows built in Whitwell under the Bolsover Homes programme were slow to be let. The Head of Housing Management & Enforcement advised Committee that although the properties looked habitable from the outside, there were currently outstanding snagging works to be completed on some so valuation of the properties and the keys could not yet be attained. However, some other properties had been advertised for let.

In relation to **ECO.01 - Deliver a Business Growth Strategy by March 2021 that will support enterprise, innovation, jobs and skills and makes the best use of our assets**, a Member queried if the Strategy would be updated. The Scrutiny & Elections Officer advised Committee that the Business Growth Strategy would be reported to the Local Growth Scrutiny Committee on a quarterly basis along with the Action Plan where Members would scrutinise how it was working. However, it needed to be remembered that Covid19 may have affected how the Strategy was now being delivered.

Aim: - Our Environment – protecting the quality of life for residents and businesses, meeting environmental challenges and enhancing biodiversity

There were 11 targets under this aim of which 8 were on track and 3 had been previously achieved.

Moved by Councillor Peter Roberts and seconded by Councillor Tom Kirkham
RESOLVED that the report be noted.

ACO22-21/22 REPORT TO THOSE CHARGED WITH GOVERNANCE - MAZARS AUDIT COMPLETION REPORT

Committee considered a report from MAZARS, the Council's external auditors.

The purpose of the report was to summarise MAZARS audit conclusions on the Council's accounts ending 31st March 2021.

MAZARS audit work was substantially complete, however, there were some areas of work that were still in progress and these were summarised in section 2 of the report.

MAZARS would provide an update in relation to any significant matters identified in section 2 as outstanding through their normal follow up letter.

Audit opinion – MAZARS anticipated issuing an unqualified opinion on the Council's financial statements. Their proposed audit opinion was included in Appendix B to the report.

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Value for Money - whilst MAZARS were yet to complete their work in respect of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, MAZARS anticipated having no significant weaknesses in arrangements to report. Further detail on MAZARS Value for Money work was provided in section 7 of the report

Whole of Government Accounts (WGA) - MAZARS had not yet received group instructions from the National Audit Office (NAO) in respect of their work on the Council's WGA submission so were unable to commence their work in that area until such instructions had been received.

Wider powers - the 2014 Act required MAZARS to give an elector, or any representative of an elector, the opportunity to question the accounting records of the Council and to consider any objection made to the accounts, however, no approaches from electors had been received by MAZARS.

Pension Liability – part of MAZARS assurance over the net pension liability was derived from specified procedures commissioned from the external auditors of the Derbyshire Pension Fund. The final report for MAZARS consideration and completion of the testing required had now been received and there were no issues of concern.

Covid 19 Grant recognition – the Government had provided substantial sums of financial support to local authorities. However, there existed a lack of clarity in the expected accounting treatment of this income source and therefore, MAZARS had identified the completeness and accuracy of this income as a risk.

To address the risk, MAZARS had reviewed the Council's approach in determining whether grants;

- were or were not ring fenced for specific areas of expenditure;
- tested grant income recorded in the ledger to grant allocations/notifications,
- and reviewed a sample of grants to ensure conditions to recognise the income in 2020/21 had or had not been met.

There were some residual audit queries to clear but audit procedures had not identified any material errors or uncertainties in the financial statements or other matters to bring to Members attention.

Land, Buildings and Investment Property Valuations – MAZARS would be meeting on site with the Council's Valuer with regard to 'uncertainty' in his current report regarding Covid19 in relation to valuation of assets.

MAZARS were pleased to report that there were no internal control weaknesses or adjustments to bring to Members attention and no material misstatements had been identified during their audit work to date.

MAZARS noted their thanks for the assistance of the financial team during their audit work.

A Member queried if the surge in property prices increasing the valuation of property would impact on the Council's housing stock and put the Authority in a more favourable position going forward. Mike Norman (MAZARS) replied that in March 2020, valuation of

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

the Council's housing stock was market based with reference to sales activity – RICS - asset value increasing strengthens the value of the Council's balance sheet.

In valuing the Council's property for the accounts, there were a lot of accounting adjustments, and in local government statutory overrides existed to prevent any impact on the tax payer.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin

RESOLVED that (1) the report be noted,

(2) the Chief Financial Officer signs the appropriate Audit Letter.

(MAZARS/Chief Financial Officer)

ACO23-21/22 BDC STATEMENT OF ACCOUNTS 2020/21

Committee considered a report in relation to the Council's Statement of Accounts for 2020/21.

The Head of Finance & Resources advised Committee that there had been no changes made to the Statement of Accounts since the document was produced in the agenda. However, there could be some changes made by MAZARS in the future.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that (1) the Statement of Accounts in respect of 2020/21 be approved,

(2) delegated powers be granted to the Chief Financial Officer in consultation with the Chair or Vice Chair of Audit and Corporate Overview Scrutiny Committee to agree any changes agreed with the Council's external auditors Mazars, which may be necessary to ensure the completion of the Statement of Accounts by 30th September 2021.

(Chief Financial Officer)

ACO24-21/22 ASSESSMENT OF GOING CONCERN STATUS

Committee considered a report in relation to an assessment of the Council as a going concern for the purposes of producing the Statement of Accounts for 2020/21.

Given the significant reduction in funding for local government in recent years and the potential threat this posed to the ongoing viability of councils as a consequence, external auditors continued to place a greater emphasis on local authorities undertaking an assessment of the going concern basis on which they prepared their financial statements.

The concept of a going concern assumed that an authority's functions and services would continue in operational existence for the foreseeable future. The provisions in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code in respect of going concern reporting requirements reflected the economic and statutory environment in which local authorities operated. These provisions confirmed that as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

statements on a going concern basis of accounting.

The report set out the position for Bolsover District Council and provided justification for the 2020/21 financial statements being prepared on a going concern basis.

Moved by Councillor Chris Kane and seconded by Councillor Graham Parkin

RESOLVED that the outcome of the assessment of the Council's going concern status for the purposes of preparing the Statement of Accounts for 2020/21 be accepted.

ACO25-21/22 SUMMARY OF PROGRESS ON THE 2021/22 INTERNAL AUDIT PLAN

Committee considered a final progress report in respect of the 2021/22 Internal Audit Plan.

Appendix 1 to the report provided a summary of 4 reports issued between 10th July 2021 and 26th August 2021 which had all been issued with substantial assurance. The definitions of the assurance levels used were provided in a table in the report. In respect of the audits being reported, it was confirmed that no issues relating to fraud were identified.

Appendix 2 to the report provided full details of the audits completed and audits in progress in respect of 2021/22. The completion of the 2020/21 internal audit plan ran into 2021/22, so was slightly behind target in comparison to previous years, however, the Internal Audit team were now concentrating fully on the current year's plan.

The Portfolio Holder for Finance & Resources thanked the Internal Audit Consortium Manager and her team for the level of work that they carried out. The Chair echoed the Portfolio Holder's comments and requested that his thanks also be passed to the Internal Audit team.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin

RESOLVED that the report be noted.

ACO26-21/22 REVIEW OF INTERNAL AUDIT CHARTER

Committee considered a report which provided information on the results of a review of the Internal Audit Charter.

The Public Sector Internal Audit Standards (PSIAS) stated that the Head of Internal Audit must periodically review the Internal Audit Charter and present it to the relevant Committee for approval.

The Internal Audit Charter was last approved by the former Audit Committee in September 2020. It was also agreed at that meeting that the Charter would be reviewed every year to ensure it was kept up to date.

The current Internal Audit Charter had been reviewed and it was felt by the Head of

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Internal Audit that it was still fit for purpose. The Internal Audit Charter was appended to the report.

In places, the previous Charter referred to “internal control” or the “control environment” - these references had now been replaced by the current best practice terminology, which was “risk management, governance and internal control processes”. Also a change in respect of the Council’s former Audit Committee now being the Audit and Corporate Overview Scrutiny Committee was reflected in the Charter.

Moved by Councillor Tom Munro and Councillor Graham Parkin

RESOLVED that (1) the outcome of the review of the Internal Audit Charter be noted,

(2) the Internal Audit Charter be agreed, and reviewed in 12 months or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

(Head of Internal Audit)

ACO27-21/22 ANNUAL CORPORATE GOVERNANCE STATEMENT AND LOCAL CODE OF CORPORATE GOVERNANCE

Committee considered a report which sought Members observations or recommendations, and agreement to the conclusions and content of the draft Annual Governance Statement 2021.

The draft Annual Governance Statement for 2021 was set out in Appendix 1 to the report.

One of the main purposes of the Annual Governance Statement was to assess the extent to which the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework key principles were in place within an authority and were adhered to in practice. In short it was an annual assessment process for the Council’s Governance arrangements. As part of this process the Audit and Corporate Overview Scrutiny Committee would need to give consideration to the Council’s updated Code of Corporate Governance.

While the evidence from the structured assessment carried out demonstrated that appropriate procedures and processes were in place, Members were asked to note that there remained a small number of issues of corporate governance where further work was necessary if the Council were to continue to comply with the good governance requirement. The issues that had been identified as a result of the work of external review (including external audit), internal audit, and the routine work of the Council’s own officers, would be addressed throughout the year through the performance management framework and reported to this Committee.

In response to a Member’s query, Committee was advised that the Council’s recent changes to its Senior Management Structure would be reflected in the 2022 Annual Governance Statement.

The Portfolio Holder for Finance & Resources commented that the Annual Governance Statement was a readable document and he would be available to Members if they wished to discuss the document with him.

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

In response to a Member's query, the Head of Internal Audit advised the meeting that Members would always be advised of any whistleblowing, if it happened.

Moved by Councillor Graham Parkin and seconded by Councillor Peter Roberts

RESOLVED that (1) the Annual Governance Statement as set out in Appendix 1 to the report be noted,

(2) the local Code of Corporate Governance as set out in Appendix 2 to the report be approved,

(3) having reviewed the effectiveness of the Governance Framework, the Audit and Corporate Overview Scrutiny Committee were satisfied that the Council's governance and internal control arrangements were fit for purpose,

(4) delegated powers be granted to the Chief Financial Officer in consultation with the Chair or Deputy Chair of the Audit and Corporate Overview Scrutiny Committee, to agree any changes which may be necessary in order to ensure the finalisation of the external audit currently being concluded by the Council's external auditors Mazars, to ensure completion of the Statement of Accounts by the statutory deadline of 30th September 2021.

The Team Leader - Solicitor left the meeting at this point.

ACO28-21/22 AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE WORK PROGRAMME 2021/22

Committee considered their work programme 2021/22.

It was suggested that, going forward, the Chairs and Vice Chairs present an annual verbal report on the work of the three themed Scrutiny Committees, rather than on a quarterly basis, with the preference being the January Budget meetings as all Members would be able to attend. The Chief Financial Officer suggested that the setting of Council Tax also be moved to the January meetings. It was agreed that the Scrutiny & Elections Officer and the Chief Financial Officer would discuss this outside of the meeting and report the outcome at the next ACOSC meeting.

The Scrutiny & Elections Officer advised Members that in relation to the Council's Ambition Performance report, she had requested that these reports be more strategic and less detailed (as per Members request), and that only areas of concern be presented to this meeting. She added that the Chairs and Vice Chairs of the 3 themed Scrutiny Committees and the Information, Performance & Engagement Manager, could attend the ACOSC pre meetings to ascertain where any extra detail would be required.

The Portfolio Holder for Finance & Resources raised concern that not all Scrutiny Members would get to know the performance of all their Committee's targets. The Scrutiny & Elections Officer explained that the full report would still be circulated to all Scrutiny Members and any feedback or queries could be raised at the pre meetings. She added that this could be looked at again if it were found not to be sufficient.

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the Work Programme 2021/22 be noted.

ACO29-21/22 UPDATE FROM SCRUTINY CHAIRS (VERBAL REPORT).

This item was deferred until the outcome of the Scrutiny & Elections Officer and the Chief Financial Officers discussion as detailed above.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the item be deferred until the next meeting.

The meeting concluded at 1530 hours.

The meeting concluded at Time Not Specified hours.