

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber on Tuesday, 26 September 2023 at 14:00 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors: Duncan Haywood, Chris Kane, Cathy Jeffrey, and Ruth Jaffray (Cooptee Member).

Officers:- Theresa Fletcher (Section 151 Officer), Jim Fieldsend (Monitoring Officer), Jenny Williams (Head of Internal Audit Consortium), Joanne Wilson (Scrutiny & Elections Officer) and Alison Bluff (Governance).

Also in attendance at the meeting was Nomfundo Magwaza and Garima Garg (Mazars), and Councillor Clive Moesby (Portfolio Holder for Resources).

AUD9-23/24 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Lisa Powell and Carol Wood.

AUD10-23/24 URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

AUD11-23/24 DECLARATIONS OF INTEREST

There were no declarations of interest made.

AUD12-23/24 ADDITIONAL ITEM OF BUSINESS – PRESENTATION BY THE HEAD OF INTERNAL AUDIT CONSORTIUM

The Head of Internal Audit Consortium provided a slide presentation to Committee in relation to the following items:

- Internal Audit Consortium Background
- The Role of Internal Audit
- Governance of Internal Audit
- The Aim of Internal Audit
- The Role of the Audit Committee in relation to Internal Audit

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AUD13-23/24 MINUTES

Moved by Councillor Duncan Haywood and seconded by Tom Munro

RESOLVED that the Minutes of an Audit Committee held on 27th June 2023 be approved as a correct record.

AUD14-23/24 AUDIT PROGRESS REPORT - YEAR ENDED 31ST MARCH 2023

Committee considered a report presented by Nomfundo Magwaza from Mazars, the Council's external auditors, in relation to progress on the audit for the year ending 31st March 2023.

Mazars work was substantially complete, and there were currently no matters of which they were aware that would require modification of their audit opinion, subject to the outstanding matters detailed below.

Opinion on the financial statements - With their audit work ongoing Mazars intended to sign their audit report and provide Audit Committee with a completion report in November 2023.

Value for Money arrangements (VFM) - Work on the Council's arrangements to secure economy, efficiency, and effectiveness in its use of resources was still ongoing. Mazars were currently in progress with VFM work, the audit results report would be made available within the timetable after signing the audit report.

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

Wider reporting responsibilities - The 2014 Act required Mazars to give an elector, or any representative of the elector, the opportunity to question Mazars about the accounting records of the Council and to consider any objection made to the accounts. In the current year Mazars had received an objection from a local elector. This mainly related to the decision making in the acquisition of Dragonfly Development Limited. Work in this area was ongoing.

The following areas had potential to result in material adjustment or significant change to disclosures within the financial statements.

Land, Buildings, and Investment properties - Mazars work was ongoing. Evidence supporting the valuation was being reviewed and further queries may arise from the work.

Pensions - Part of Mazars assurance over the pension asset and pension liability was derived from specified procedures commissioned from the external auditors of the Derbyshire Pension Fund. Mazars were yet to receive their final report for their consideration and completion of the testing required.

Journals - Mazars were reviewing evidence with minor queries raised with management.

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Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the report be noted.

AUD15-23/24 ANNUAL GOVERNANCE REPORT

Committee considered a detailed report which sought Members agreement to the conclusions and content of the draft Annual Governance Statement, attached at Appendix 1 to the report.

The Annual Governance Statement increased awareness of governance issues amongst Members and employees of the Council, and more generally amongst all stakeholders.

It was proposed to incorporate the Annual Governance Statement within the Council's Statement of Accounts for 2022/23. However, as there could be a requirement to make some final changes before the Statement of Accounts was authorised for issue by the Section 151 Officer, it was recommended that delegated powers be given to the Section 151 Officer, in consultation with the Chair or Vice Chair of Audit Committee, to agree any final changes. These changes would only relate to amendments agreed with the Council's external auditors Mazars.

The preparation of the draft Annual Governance Statement sat alongside the Council's Local Code of Corporate Governance. The Code of Corporate Governance was attached at Appendix 2 to the report. The Code was due a full review no later than 31st March 2025, however, minor reviews and updates could be made in the meantime where required, but no updates were proposed at this time.

Included in section 4 of the Code of Corporate Governance was a requirement for the Senior Leadership and Management teams to assess the arrangements which were operational within the Council during the previous financial year, (in this case 2022/23), to ensure that it was meeting the requirements of the Code and to set out the results in the Annual Governance Statement. The review supported the assessment that there were appropriate governance arrangements in place, and they were fit for purpose. Where significant issues had been identified, the Statement set out that these would be addressed to ensure governance arrangements remained robust.

Members were asked to note that the completion of the Statement of Accounts by the statutory deadline of 30th September 2023 had been extended to 30th November 2023 by central government.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that 1) the draft Annual Governance Statement as set out in Appendix 1 to the report, prior to the final version being incorporated within the Council's Statement of Accounts, be noted,

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

3) that delegated powers be granted to the Section 151 Officer, in consultation with the Chair or Vice Chair of the Audit Committee, to agree any changes which may

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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 30th November 2023.

AUD16-23/24 AUDIT COMMITTEE ANNUAL REPORT

The Section 151 officer presented a detailed report which set out how the Committee had complied with the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement, 'Audit Committees in Local Authorities and Police 2022'.

The core functions of the Audit committee were to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers, and helping to ensure robust arrangements were maintained.

The specific responsibilities included maintenance of governance, risk, and control arrangements, financial and governance reporting, establishing appropriate and effective arrangements for audit and assurance.

CIPFA recommended that Audit Committee should have no other functions, and explicitly no decision-making role. For this reason, the former committee of Audit and Corporate Overview Scrutiny was separated at the end of the last municipal year into the Audit Committee, and the Finance and Corporate Overview Scrutiny Committee. Due to this change, the report was focused purely on the Audit element of the previous committee and the report for the Scrutiny element of the committee would be included on the Council agenda for 11th October 2023.

During 2022/23, Members received a range of reports; some were routine reports for monitoring, others were linked to the development of new policies and others were to provide information and guidance to help Members of the Audit and Corporate Overview Scrutiny Committee carry out their role effectively.

Main Achievements/Outcomes:

The Committee aimed to add value through its activity and in particular had:

- Scrutinised the statement of accounts prior to approval thereby ensuring that they were an accurate reflection of the Council's finances.
- Reviewed the Code of Corporate Governance and approved the Annual Governance Statement to ensure it was a true and fair view of the Council's governance and risk management arrangements.
- Reviewed the strategic risk register to ensure that risks were being appropriately mitigated thus providing additional assurance that risk was being managed appropriately.

The self-assessment for effectiveness exercise was not carried out in 2022/23 and was postponed until 2023/24, as it was considered that it would be more appropriate to form the new Committee, let the Members settle in and undertake the assessment towards the end of the next financial year. The exercise was included on the work programme to be

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completed at the meeting to be held on 12th of March 2024, were the results would be reported in the annual report for the current year.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the report be noted.

AUD17-23/24 SUMMARY OF PROGRESS ON THE 2023/24 INTERNAL AUDIT PLAN

Committee considered a detailed report which provided Members with progress information in respect of the 2023/24 Internal Audit Plan.

Appendix 1 to the report provided a summary of reports issued during June - August 2023. This showed for each report the level of assurance given and the number of recommendations made / agreed where a full response had been received. During this period, 5 reports had been issued: 1 with substantial assurance and 4 with reasonable assurance.

Appendix 2 to the report provided full details of the audits completed and those audits in progress. The Head of Internal Audit Consortium would be meeting with the section 151 Officer in October to discuss the audits which may be able to be deferred to next year.

A Member referred to the 'accepted' column, under number of recommendations in Appendix 1, and queried who accepted the recommendations. The Head of Internal Audit Consortium confirmed that this was the relevant service manager. Managers could disagree with recommendations if, for example, a low priority recommendation had been weighed up regarding cost of implementation against benefit of implementation. However, if a high or medium recommendation was disagreed with, a discussion would take place between the Manager and Internal Audit. Managers could also put forward an alternative or compromise which may be acceptable to Internal Audit.

In response to a Member's query relating to audits in progress in Appendix 2, the Head of Internal Audit Consortium advised that there were delays in completing some audits, due to sickness absence in the Internal Audit Consortium, however, risk assessments would be carried out and the lower priority audits would be carried over into the next Audit Plan 2024-25.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the report be noted.

AUD18-23/24 REVIEW OF THE INTERNAL AUDIT CHARTER

Committee considered a report which provided information and sought Members' approval for the results of a review of the Internal Audit Charter, which was attached at Appendix 1 to the report.

The Public Sector Internal Audit Standards (PSIAS) which took effect from the 1st April 2013, required that the purpose, authority, and responsibility of internal audit must be

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formally defined in an Internal Audit Charter. It further stated that the Head of Internal Audit must periodically review the Internal Audit Charter and present it to the relevant Committee for approval.

Members had previously agreed that the Charter would be reviewed every year to ensure that it was kept up to date and in accordance with CIPFA recommended practice. There had been no updates to the PSIAS since the last review of the Charter and the current Internal Audit Charter had been reviewed and the Head of Internal Audit felt that it was still fit for purpose.

The Head of Internal Audit noted that there had been consultation in respect of some new Global Internal Audit Standards that were due to be issued at the end of 2023. Following this, CIPFA intended to review the Public Sector Internal Audit Standards by the end of 2024. Where necessary the Head of Internal Audit would review the Council's approach to ensure that the Authority remained compliant with the Standards.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

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

2) the Internal Audit Charter be agreed,

3) the agreed Internal Audit Charter be reviewed in a years' time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards (PSIAS).

AUD19-23/24 IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Committee considered a report which provided a summary of the internal audit recommendations made and implemented for the financial years 2020/21 – to date.

Internal Audit make recommendations to improve the governance, risk, and control processes in place. It was important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

Appendix 1 to the report provided an analysis of the number of recommendations made and implemented for the financial years 2020/21 – to date. The table also summarised the number of recommendations that had been implemented and those that were outstanding.

There were 1 high, 6 medium and 8 low recommendations outstanding. Managers had provided up to date comments in respect of the overdue recommendations and these were detailed in the Appendix.

In response to a Member's query regarding the Manager's comment in relation to the data protection audit, the Head of Internal Audit Consortium advised that she needed to follow this up with the Data Protection Officer. She added that posters had recently been put up around the Arc and the Depot reminding staff about the 'clear desk policy.'

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that the report be noted.

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AUD20-23/24 AUDIT COMMITTEE WORK PLAN 2023/24

Committee considered their work plan for 2023/24. It was noted that the Statement of Accounts and the Assessment of Going Concern would be considered at the November meeting.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the Work Plan be noted.

The meeting concluded at 14:50 hours.