

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Thursday, 26 September 2024 at 10:00 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors R. Jaffray (Vice-Chair), Cathy Jeffery, Catherine Tite and Carol Wood.

Officers:- .

Also in attendance at the meeting to Minute No XXX were Councillors .

AUD10-20/21 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Chris Kane and Lisa Powell.

AUD11-20/21 URGENT ITEMS OF BUSINESS

There were no urgent items of business.

AUD12-20/21 DECLARATIONS OF INTEREST

There were no declarations of interest.

AUD13-20/21 MINUTES

Moved by Councillor Cathy Jeffery and seconded by Catherine Tite

RESOLVED that the Minutes of an Audit Committee held on 18th July 2024 be approved as a true record.

AUD14-20/21 STRATEGIC RISK REGISTER

The Chief Executive gave a verbal update in relation to the themes discussed at the Risk Management Group (RMG) meeting held on 24th June 2024.

- Following the General Election, the Strategic Risk Register would be reviewed and actions around this were already being put in place;
- Financial changes arising from the Government's Autumn Budget Statement at the

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end of October and the longer term financial changes in relation to the Council's funding position, including around the business rates reset and settlement, would need to be considered – it was noted that the Local Government Association (LGA) would be sending regular updates on how this may look for local authorities generally;

- There were new legislative requirements around Planning (the National Planning Policy Framework) and Housing, and different types of arrangements;
- The Covid risk would be stood down but updated to cover any pandemic arrangements;
- Cybercrime and its potential impact was a now a major risk;
- The use of Artificial Intelligence (AI) in relation to the customer service offer (positive and negative) would be considered;
- Impacts from the East Midlands County Combined Authority (EMCCA) in relation to external funding would need to be looked at.

The Chief Executive advised that a full refreshed Strategic Risk Register would be brought to a future Audit Committee.

- An annual report on data protection had been received at the last RMG meeting and the report had identified an increase in the number of data requests which was impacting on officer time. A full GDPR review would take place during next year in relation to regulations;
- The Emergency Planning representative from DCC had attended the last RMG meeting to provide an update on business continuity plans and reviews – these were taking place in relation to the Council's priority functions and support for events planning;
- A lot of work was being carried out around the Council's insurance cover and premiums and an update on this would be provided to the next Audit Committee meeting;
- A full risk management training session had taken place for both officers and Members back in the summer.

Members thanked the Chief Executive for the update.

AUD15-20/21 AUDIT STRATEGY MEMORANDUM

Committee considered a report of Forvis Mazars, the Council's external auditors, presented by Garima Garg in relation to their Audit Strategy Memorandum for the year ending 31st March 2024.

Section 3 of the report set out the auditor's audit scope, approach, and timeline to the audit. The audit was planned to be completed by the end of December and the audit completion report would be presented to the January 2025 Audit Committee along with the Auditors Annual Report.

Section 4 of the report identified significant risks and other key judgement areas relevant to the audit of financial statements – these were; management override of controls, valuation of the net defined benefit pension liability / asset, valuation of property, plant and equipment and group consolidation. These risks were categorised as significant,

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enhanced or standard and the definitions of the level of risk rating was given in the report.

Section 5 of the report noted the auditor's requirement to form a view as to whether the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Moved by Councillor Tom Munro and seconded by Councillor Carol Wood
RESOLVED that the report be noted.

AUD16-20/21 SUMMARY OF PROGRESS ON THE INTERNAL AUDIT PLAN 2024/25

Committee considered a detailed report, presented by the Head of Internal Audit Consortium, in relation to a summary of progress on the Internal Audit Plan 2024/25.

Appendix 1 to the report provided a summary of reports issued in July and August 2024 and showed for each report the level of assurance given and the number of recommendations made / agreed where a full response had been received. The definitions of the assurance levels used could be seen in the table in the report and the assurance levels had also been linked to definitions of risk within the Risk Management Strategy.

During the July and August 2024 period, four reports had been issued - three with substantial assurance and one with limited assurance. No issues relating to fraud were identified.

At the time of writing the report a response had not been received in relation to the Disabled Facilities Grants audit, however, a response had since been received and both recommendations accepted and implemented.

It had previously been agreed that Committee would receive full copies of any limited assurance reports, and the report in respect of decent homes was attached at Appendix 2. This piece of work had not been in the audit plan but had been requested by the Council's Senior Leadership Team following a query from the Social Housing Regulator inspection.

The scope of the audit was to review and assess the accuracy of data submitted to the Government as part of its Local Authority Housing (LAH) return in respect of the 'Number of non-decent homes owned by the Local Authority as at 31st March' for financial periods 2019/20 to 2023/24 inclusive. The Head of Internal Audit Consortium noted it was good to see that managers saw Audit as a critical friend to identify issues and find remedies, and as a result of this audit one significant action was a full Council housing stock condition survey, which would help provide up to date information and feed into performance indicators.

The Strategic Director of Services thanked Internal Audit for undertaking the unplanned audit work and added that the stock condition survey was in progress. Data from this survey would inform a more reliable and managed system for managing housing data which would be better for tenants. He also noted that a positive outcome had been received from the recent Social Housing Regulator inspection, were a level 2 rating had

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been given. When all data was collated from the stock condition survey, work towards a level 3 rating would be started. The Assistant Director Housing Management and Enforcement echoed these comments and also added her thanks.

In response to queries from Councillor Tite relating to F & G EPC ratings on properties identified in the report, the Assistant Director Housing Management and Enforcement explained that all these properties had now been inspected, work completed or work was in the process of being completed. The stock condition surveyors were carrying out up to date EPCs on all housing stock and when ready, the data would generate future programmes for how the Council prioritised getting the ratings closer to a level C. The Assistant Director Housing Management and Enforcement added that a rolling programme of stock condition surveying would be carried out to guarantee that every single property had been inspected at least once every five years. It was hoped that a report regarding the full results of the stock condition survey would be presented to Members early next year.

The Head of Internal Audit referred to Appendix 3 which provided details of progress on the 2024/25 Plan to date. It was noted that as the BDC full time Auditor had been promoted to the position of Senior Auditor at CBC there would be a time lag between a new Auditor starting and being trained which would have an impact on completion of the plan.

Moved by Councillor Catherine Tite and seconded by Councillor Cathy Jeffery
RESOLVED that the report be noted.

AUD17-20/21 IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Committee considered a detailed report, presented by the Head of Internal Audit Consortium, in relation to a summary of the internal audit recommendations made and implemented for the financial years 2020/21 – 2024/25 to date.

Appendix 1 to the report provided a table of analysis of the number of recommendations made and implemented during the above period and the number outstanding. With regard to the outstanding recommendations, it was noted that 1 was high, 8 were medium and 16 were low.

Managers had provided up to date comments in respect of overdue recommendations and these could be seen in the Appendix.

Moved by Councillor Tom Munro and seconded by Councillor Catherine Tite
RESOLVED that the report be noted.

AUD18-20/21 REVIEW OF THE INTERNAL AUDIT CHARTER

Committee considered a detailed report, presented by the Head of Internal Audit Consortium, in relation to a review of the Internal Audit Charter.

The Public Sector Internal Audit Standards (PSIAS) state that the Head of Internal Audit

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must periodically review the Internal Audit Charter and present it to the relevant Committee for approval. The Internal Audit Charter was last formally approved by Audit Committee in September 2023.

The current Internal Audit Charter had been reviewed and the Head of Internal Audit Consortium felt that it was still fit for purpose.

There had been no updates to the PSIAS since the last review of the Charter, however, new Global Internal Audit Standards were released by the Chartered Institute of Internal Auditors on the 9th January 2024 and work would be carried out during 2024/25 to assess the Consortium's compliance with the Global Standards. CIPFA were currently consulting on the Global Standards applicability to the public sector and guidance was expected by the end of 2024 which may result in the PSIAS being updated. It was expected that at this point it would be necessary to review and update the Internal Audit Charter again to comply with the guidance issued / revised PSIAS. Any changes would be brought back to Audit Committee for approval.

The Internal Audit Charter was attached at Appendix 1 to the report.

Moved by Councillor Catherine Tite and seconded by Councillor Carol Wood

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

2) the Internal Audit Charter be agreed;

3) the 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.

AUD19-20/21 BDC STATEMENT OF ACCOUNTS 2023/24

Committee considered a detailed report, presented by the Section 151 Officer, which provided an update on the latest position regarding Local Audit Delays. Members approval was also sought for the draft (unaudited) Statement of Accounts for 2023/24, which were attached at Appendix 1 to the report.

Local Audit Delays

Further to the Section 151 Officer presenting a report at the March Audit Committee in relation to '*Local audit delays – consultation and proposals for the future*,' which were dependent on legislation being passed, the timing of the general election meant the legislation did not get taken through parliament.

On 30th July a letter was received from the new Government advising of an intention to lay secondary legislation when parliamentary time allowed to provide an initial backstop date of 13th December 2024 for the financial years up to and including 2022/23. This was a change from the original proposal which was 30th September 2024. As mentioned in the March report, this did not affect the Council as the 2022/23 accounts had already been audited and signed off by Forvis Mazars.

The backstop date for the last financial year, 2023/24, had been changed to 27th February 2025, rather than 31st May 2025, and for the financial year 2024/25, it had changed from 31st March 2026 to 27th February 2026. The Section 151 Officer was

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hopeful that this meant the 2023/24 accounts would be audited and signed off by Forvis Mazars before the end of the current financial year.

In addition, subject to parliamentary approval, for financial years 2024/25 to 2027/28, the date by which the Council had to publish its draft (unaudited) accounts, would change from 31st May to 30th June each year.

Statement of Accounts

Due to circumstances outside of the Council's control, the statutory deadline for publishing the Council's draft accounts at 31st May 2024, was missed. External information was finally received at the end of June 2024, and the draft (unaudited) Statement of Accounts was published on 3rd July 2024.

Forvis Mazars were due to start the 2023/24 audit at the beginning of October and it was possible that changes to the Statement of Accounts (as attached to the report) would be requested. Given this possibility, it was recommended that delegated powers be given to the Chief Financial Officer, in consultation with the Chair or vice Chair of Audit Committee, to agree any final changes to the Council's Statement of Accounts 2023/24. It should be noted that the only changes made under these delegated powers would relate to amendments agreed with the Council's external auditors Forvis Mazars.

In response to a query raised by Councillor Wood, the Section 151 Officer advised Members that she had no concerns in relation to the dates being brought forward.

Moved by Councillor Carol Wood and seconded by Councillor Cathy Jeffery

RESOLVED that: 1) the Statement of Accounts in respect of 2023/24 be approved;

- 2) delegated powers be granted to the Chief Financial Officer, in consultation with the Chair or vice Chair of Audit Committee, to agree any changes agreed with the Council's external auditors Forvis Mazars, which may be necessary to ensure the completion of the Statement of Accounts by 27th February 2025.

AUD20-20/21 ASSESSMENT OF GOING CONCERN STATUS

Committee considered a detailed report, presented by the Section 151 Officer, which provided an assessment of the Council as a going concern for the purposes of producing the Statement of Accounts for 2023/24.

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 Code published by the Chartered Institute of Public Finance and Accountancy (CIPFA), 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 statements on a going concern basis of accounting.

It was considered that, having regard to the Council's arrangements and such factors as highlighted in the report, that the Council remained a going concern and the Council's accounts for 2023/24 had appropriately been prepared on this basis. The report gave the assessment by the Council's Section 151 Officer in support of presenting the Accounts

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for approval and provided assurance to Forvis Mazars, the Council's external auditor.

Moved by Councillor Carol Wood and seconded by Councillor Tom Munro

RESOLVED that the outcome of the assessment of the Council's going concern status for the purposes of preparing the Statement of Accounts for 2023/24, be accepted.

AUD21-20/21 ANNUAL REPORT OF COMMITTEE

Committee considered a detailed report, presented by the Section 151 Officer, 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.

The Audit Committee should be established so that it was independent of Executive decision making and able to provide objective oversight. It was an advisory Committee that had sufficient importance in the Authority so that its recommendations and opinions carried weight and had influence with the leadership team and those charged with governance. The Committee should include co-opted independent members in accordance with the appropriate legislation and where there was no legislative direction, CIPFA recommended that each authority should include at least 2 co-opted independent members to provide appropriate technical expertise.

During 2023/24, Members received a range of reports; some were routine reports for monitoring, others were to provide information and guidance to help Members of the Audit 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 are an accurate reflection of the Council's finances.
- Reviewed the Code of Corporate Governance and approved the Annual Governance Statement to ensure it is a true and fair view of the Council's governance and risk management arrangements.
- Reviewed the strategic risk register to ensure that risks are being appropriately mitigated thus providing additional assurance that risk is being managed appropriately.

Moved by Councillor Catherine Tite and seconded by Councillor Cathy Jeffery

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RESOLVED that the report be noted.

AUD22-20/21 ANNUAL GOVERNANCE STATEMENT AND LOCAL CODE OF CORPORATE GOVERNANCE

Members approval was sought for the conclusions and content of the draft Annual Governance Statement, attached at Appendix 1 to the report, which it was proposed to incorporate within the Council's Statement of Accounts for 2023/24.

Members were asked to assess the appropriateness of the draft Annual Governance Statement and to make recommendations concerning any amendments which they considered appropriate.

The report presented by the Monitoring Officer, also increased awareness of governance issues amongst Members and Employees of the Council, and more generally amongst all stakeholders.

Whilst it was anticipated that the version at Appendix 1 may effectively be the final version of the Annual Governance Statement, 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 therefore 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. It should be noted that the only changes that would be made under these delegated powers would relate to amendments agreed with the Council's external auditors Forvis Mazars.

Moved by Councillor Tom Munro and seconded by Councillor Carol Wood

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

- 2) having reviewed the effectiveness of the Governance Framework, Members were satisfied that the Council's governance and internal control arrangements were fit for purpose;
- 3) delegated powers are granted to the Section 151 Officer, in consultation with the Chair or vice Chair of the Audit 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 Forvis Mazars, to ensure completion of the Statement of Accounts by the amended statutory deadline of 27th February 2025.

AUD23-20/21 MEMBER TRAINING 2024/25 - MEMBER DISCUSSION

Further to a discussion, it was agreed that the Section 151 Officer would arrange refresher training for Members to be carried out in 2025.

Moved by Councillor Tom Munro and seconded by Councillor Carol Wood

RESOLVED that the Section 151 Officer arrange refresher training for Members to be

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carried out in 2025.

AUD24-20/21 AUDIT COMMITTEE WORK PROGRAMME 2024/25

Committee considered their work programme 2024/25.

The Monitoring Officer noted that the Corporate Code of Governance would be brought back to the April 2025 meeting.

Moved by Councillor Tom Munro and seconded by Councillor Carol Wood
RESOLVED that the work programme 2024/25 be noted.

The meeting concluded at 10:50 hours.