

## **AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Virtual Meeting on Tuesday, 26th January 2021 at 14:00 hours.

### **PRESENT:-**

Members:-

Councillor Tom Munro in the Chair

Councillors R. Jaffray (Vice-Chair), Jim Clifton, David Dixon, Chris Kane and Tom Kirkham.

Officers:- Theresa Fletcher (Head of Finance & Resources and Section 151 Officer), Lee Hickin (Director of Corporate Resources), Jenny Williams (Internal Audit Consortium Manager) and Tom Scott (Governance Officer).

Also in attendance at the meeting was Councillor Clive Moesby (Portfolio Holder for Finance and Resources) and Mike Norman (MAZARS).

### **AUD16-20/21 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **AUD17-20/21 URGENT ITEMS OF BUSINESS**

There were no urgent items of business to consider.

### **AUD18-20/21 DECLARATIONS OF INTEREST**

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

There were no declarations of interest made.

### **AUD19-20/21 MINUTES**

Moved by Councillor Tom Munro and seconded by Councillor Jim Clifton

**RESOLVED** that the Minutes of an Audit Committee meeting held on 15<sup>th</sup> September 2020 be approved as a correct record.

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### **AUD20-20/21      REPORT OF EXTERNAL AUDITOR - ANNUAL AUDIT LETTER 2019/20**

Committee considered a report of the Council's external auditors, Mazars, in relation to their Annual Audit Letter 2019/2020.

The Annual Audit Letter set out the findings of Mazars audit and that an unqualified opinion on the accounts had been provided by the deadline date. An unqualified opinion in relation to a Value for Money conclusion had also been provided. Members were asked to note that there were no significant matters arising from the audit.

The Annual Audit Letter was a public document which was required under the current code of practice. Committee was advised that for 2020/2021, the Annual Audit Letter would be replaced by a different format. Further information on this would be reported to a future meeting of Audit Committee.

The Chair relayed his thanks to the Section 151 Officer, the Council's financial team and the External Auditor, Mazars, for achieving a high standard of audit in 2019/20.

Moved by Councillor Chris Kane and seconded by Councillor Jim Clifton  
**RESOLVED** that the report be noted.

### **AUD21-20/21      REPORT OF EXTERNAL AUDITOR - AUDIT PROGRESS REPORT (JANUARY 2021)**

Committee considered a report of the Council's external auditors, Mazars, in relation to their progress on the 2020/21 audit.

Committee was advised that audit planning for 2020/21 was currently at the early stages of progress. However, there had been some slight slippage due to the catch up on the 2019/20 audit because of the current Covid19 pandemic. As Members were aware, work on the audit was being carried out remotely. Further information relating to a new code requirement regarding the Value for Money conclusion and other updates would be provided at the next Audit Committee meeting.

The Chair queried to what extent allowances would be made for the impact on Council finances due to the Covid 19 pandemic. Mike Norman replied that in relation to the work carried out on the accounts, the Council would need to make judgements on the valuation of its properties, which may be affected by market values. Also, the collectability of debts due to the effect on some individuals and some businesses. The work carried out by Mazars would be on the value for money conclusion of which a key theme would be a view on the financial sustainability of the Council, performance of services and ways of partnership working. The guidance stated that Mazars view would need to be proportional to the issue. However, it would take account of the reasonableness of the Council's response and the mitigating arrangements put in place in what was an extreme situation.

A Member queried if there was a definition of 'value for money' or if the pandemic had altered this slightly. Mike Norman replied that this was a rounded judgement based on financial planning arrangements, governance arrangements including risk management

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and the extent of reasonable steps taken regarding value for money.

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

### **AUD22-20/21      REPORT OF INTERNAL AUDIT - SUMMARY OF PROGRESS ON THE 2020/21 INTERNAL AUDIT PLAN**

Committee considered a report which provided progress made by the Internal Audit Consortium in respect of the 2020/21 Internal Audit Plan.

Ten audit reports had been issued during the period 2nd September 2020 and 31st December 2020. Eight reports had been issued with substantial assurance and 2 with reasonable assurance. A number of recommendations had been made / agreed where a full response had been received. In respect of the audits being reported, it was confirmed that no issues arising relating to fraud were identified.

A mid-year review of progress against the internal audit plan and a discussion in relation to the potential risks arising due to Covid 19 had been undertaken with the Section 151 Officer. On the whole, it was felt that the plan was still appropriate and for the areas reviewed it would be ensured that COVID 19 had not adversely affected the controls in place.

In the January to March 2021 period, Internal Audit would be undertaking work in relation to business grants awarded (small business grants, leisure, retail and hospitality grants and discretionary grants) and a review of the procedures followed to ensure that there had been an adequate separation of duties in place.

In November 2020, CIPFA issued guidance in relation to the *Head of Audits Annual Opinion: Addressing the Risk of a limitation of scope*. A limitation of scope should be considered if enough work had not been carried out to provide assurance on the Council's Governance, risk management and control processes in place. However, there was no definition of the amount of work required to provide an opinion and this was left to professional judgement. At this stage, the Head of Internal Audit believed that by prioritising the work for the remainder of the year she would be able to give a full audit opinion.

The report also showed the 2020/21 internal audit plan and detailed completed audits and those in progress. It was considered that reasonable progress was being made given the current circumstances relating to Covid 19. However, there would be a need to carry some areas forward to 2021/22 and the 2020/21 plan may still be subject to change should significant risks emerge.

The Portfolio Holder for Finance and Resources commented that regular meetings were held with departments to consider risks and potential risks, feed into the overall Strategic Risk Register and to see the scoring of risks. The Register was a fluid document and was up to date and would identify some of the emerging risks referred to by the Head of Internal Audit. He added that the Head of Internal Audit and her team had worked hard to complete the audit plan for the current year and he relayed his thanks to them and also

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the Section 151 Officer for keeping him informed and up to date on the progress of the Internal Audit Plan.

A Member queried how Scrutiny could feed into audit reporting. The Head of Internal Audit replied that although the Internal Audit Plan was independent from Scrutiny, any reports/findings/identified risks from Scrutiny would be taken into account when considering the Audit Plan.

Moved by Councillor David Dixon and seconded by Councillor Jim Clifton

**RESOLVED** that the report be noted.

### **AUD23-20/21      REPORT OF INTERNAL AUDIT - IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS**

Committee considered a report which provided a summary of internal audit recommendations made and implemented for the financial years 2018/19 - 2020/21.

The timely implementation of internal audit recommendations helped to ensure that the risk of fraud and error was reduced and that internal controls were operating effectively.

Due to Covid 19, the implementation of some recommendations and / or the updating of the PERFORM system had been delayed. An appendix to the report provided a table which detailed outstanding internal audit recommendations as at December 2020.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

**RESOLVED** that the report be noted.

### **AUD24-20/21      RISK MANAGEMENT (NOVEMBER 2020)**

Committee considered a report in relation to the current position regarding the Council's Risk Management arrangements and Strategic Risk Register as at November 2020.

Under relevant good practice and to facilitate the development of robust managerial arrangements, the Council was required to prepare a Strategic Risk Register as part of its risk management framework.

Given the importance of these arrangements for the overall governance of the Council it was necessary to subject them to regular comprehensive review. This review had now taken place to ensure that the continued effective and systematic management of risk was achieved.

Members and officers at this meeting were asked to consider both the Strategic Risk Register, together with the Council's wider framework for managing risk and partnerships. A significant change to note was the inclusion of a COVID-19 specific Strategic Risk.

The approach to managing risks was applied within decision making processes and was continuous with a structured review process overseen by the Risk Management Group.

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The Risk Management Group, which was Member led and included the Council's Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety, provided a comprehensive oversight of risk throughout the organisation and was becoming the conduit to and from the whole organisation in terms of risk management. The Group was able to provide risk management reporting to stakeholder groups across the Council and would support the production of the Annual Governance Statement. By leading on the development and review of all risk related policies, plans and strategies across the Council, the Risk

Management Group would provide consistency of approach and alignment of all service areas in relation to risk management. Further, by overseeing and championing the implementation of the Risk Management Strategy and associated action plan, including training 'relating to' and the 'embedding of' an effective risk management culture, the Risk Management Group would be pivotal in the organisations future success.

Members welcomed the report and noted that it was a clear and concise report to read.

A Member suggested matters which were not included on the Register, for example, the potential of Derbyshire County Council (DCC) to go bankrupt and the impact of a unitary authority on the Council. The LEP (Local Enterprise Partnership), who were repurposing their strategy for investment in the District around the green industrial revolution policy from the Government and that the Council needed to quickly repurpose itself with regard to green issue opportunities. 'Call Ins' by Scrutiny Committees and officers making a judgement on their own decisions with regard to issues which impacted on communities.

The Director of Corporate Resources replied that the Member's points in relation to DCC had been recognised and discussed at a recent Risk Management Group with a view to being included on the Risk Register. With regard to green issues, the Council had its own Carbon Reduction Group and a Carbon Reduction Plan. The Director of Corporate Resources provided detail of three current projects that he was leading on, all of which had a countywide footprint in terms of climate change; 'Thanks a Tonne' was an awareness and promotion campaign, electric vehicle infrastructure - taking a strategic approach and a countywide coordinated approach on tackling 'hard to treat homes', of which there were around a 100,000 in the County that were leaking energy. Some funding had been acquired by way of green home grants but the Director of Corporate Resources was hoping to push and develop a scheme to gain serious Government funding to back up a 10 year proposal to underpin the development of businesses to grow via a green economy. This would also project large energy savings for residents and businesses alike and giant steps towards a cleaner, greener economy.

With regard to Call Ins, the Member agreed to discuss this in further detail at a Growth Scrutiny Committee when 'risk' would be on the agenda.

The Portfolio Holder for Finance and Resources, who was also a DCC Councillor, provided some reassurance to the meeting with regard to the viability of DCC.

A Member queried if there was additional risk around performance and delivery due to staff working from home due to the current pandemic. The Director of Corporate Resources replied that an Agile Working Policy had been recently adopted by the Council and this reflected new ways of working due to the pandemic. He added that the Council had continued to be a very productive and successful organisation since the implementation of the policy and management were confident that staff continued to perform and deliver their work from home during lockdown.

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A Member suggested that all Members receive training on how to identify risk and this be carried out via the Member Development Working Group. The Portfolio Holder for Finance and Resources agreed and noted that as Chair of the Risk Management Group, he was pleased at the way in which officers were working at identifying risk and the discussions which took place at the Risk Management Group meetings. He thanked the Director of Corporate Resources for all his work over the previous 12 months with regard to risk management.

Moved by Councillor Tom Munro and seconded by Councillor Jim Clifton  
**RESOLVED** that the report be noted.

### **AUD25-20/21      ACCOUNTING POLICIES 2020/21**

Committee considered a report which sought Members' approval of the accounting policies that the Council would apply in the preparation of the Statement of Accounts for 2020/21.

The approval of the accounting policies to be applied by the Council demonstrated that due consideration was being given to which policies to adopt and apply and that those charged with governance were fully informed prior to the commencement of the Statement of Accounts preparation of the policies that were being adopted.

Moved by Councillor Tom Munro and seconded by Councillor David Dixon  
**RESOLVED** that Audit Committee approve the accounting policies as detailed at Appendix 1 to the report.

### **AUD26-20/21      AUDIT COMMITTEE WORK PROGRAMME 2020/21**

Committee considered a report in relation to its work programme for 2020/21.

The Audit Committee was an important aspect of the Council's governance framework and set the tone from the top of the organisation. It had the power to make recommendations to Council, the Executive or to whomever it considered best placed to deal with the committee's concerns.

A work programme ensured the Committee had a structure in place to enable the systematic consideration of the issues it had responsibility for and a proposed work programme for 2020/21 was set out in an appendix to the report.

Two items not on the programme currently but would be included later in the year were *Fighting Fraud and Corruption Locally* and *Self Assessment for Effectiveness*.

The Head of Internal Audit advised the meeting that with regard to *Fighting Fraud and Corruption Locally*, CIPFA had not yet published the results from their last questionnaire - once these were published, a report would be presented to Committee.

It was agreed that the item on the work plan for the April Committee meeting, titled

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*Strategic risk register and partnership arrangements*, be changed to *Progress on the work of the Risk Management Group*.

Moved by Councillor Tom Munro and seconded by Councillor Jim Clifton  
**RESOLVED** that the report be noted.

The meeting concluded at 15:20 hours.