

## **AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Monday 27<sup>th</sup> November 2023 at 1400 hours.

### **PRESENT:-**

Members:-

Councillor Tom Munro in the Chair

Councillors Duncan Haywood, Cathy Jeffery, Carol Wood, and Ruth Jaffray (Coopted Member).

Officers:- Karen Hanson (Chief Executive), Steve Brunt (Strategic Director – Services) Theresa Fletcher (Section 151 Officer), Jenny Williams (Head of Internal Audit Consortium) and Alison Bluff (Governance).

Also in attendance at the meeting was Councillor Clive Moesby, Portfolio Holder for Resources and James Collins (Audit Director - MAZARS).

### **AUD21-23/24      APOLOGIES FOR ABSENCE**

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

### **AUD22-23/24      URGENT ITEMS OF BUSINESS**

There were no urgent items of business to consider.

### **AUD23-23/24      DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **AUD24-23/24      MINUTES – 26<sup>TH</sup> SEPTEMBER 2023**

Moved by Councillor Duncan Haywood and seconded by Councillor Carol Wood **RESOLVED** that the Minutes of an Audit Committee held on 26<sup>th</sup> September 2023 be approved as a correct record.

## **REPORT OF THE COUNCIL'S EXTERNAL AUDITORS – MAZARS**

### **AUD25-23/24      REPORT TO THOSE CHARGED WITH GOVERNANCE – MAZARS AUDIT COMPLETION REPORT**

Committee considered a detailed report presented by James Collins, Audit Director – MAZARS in relation to their Audit Completion Report for the Council.

The detailed scope of Mazars work was set out in the National Audit Office's (NAO) Code of Audit Practice. Mazars responsibilities and powers were derived from the Local

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Audit and Accountability Act 2014, and as outlined in their Audit Strategy Memorandum, the audit had been conducted in accordance with International Standards on Auditing (UK) and meant Mazars had focused on audit risks that they had assessed as resulting in a higher risk of material misstatement.

Section 4 of the report set out Mazars conclusions and significant findings from their audit. This section also included Mazars conclusions on the audit risks and areas of management judgement in their Audit Strategy Memorandum, which included:

- valuation of Property, Plant and Equipment & Investment Property (significant risk);
- valuation of net defined benefit liability (significant risk);
- management override of controls (significant risk); and
- acquisition of Dragonfly Development Limited (enhanced risk).

Section 5 of the report set out internal control recommendations and section 6 set out audit misstatements. Section 7 outlined Mazars work on the Council's arrangements to achieve economy, efficiency, and effectiveness in its use of resources.

The appendices to Mazars report provided information in respect of the draft management representation letter, the draft audit report, independence, and other communications.

It was noted that a member of the public had made an objection to the Council's accounts in relation to Dragonfly, the Council's wholly owned company.

In response to a Member's query regarding Hyman-Robertson, the Actuary for Derbyshire Pension Fund (LGPS), James confirmed that Mazars had critically assessed their competency and Mazars were comfortable of their expertise.

The Chair thanked James Collins for attending the meeting.

Moved by Councillor Tom Munro and seconded by Councillor Duncan Haywood **RESOLVED** that the report be noted.

## **REPORT OF THE DIRECTOR OF FINANCE AND SECTION 151 OFFICER**

### **AUD26-23/24      STATEMENT OF ACCOUNTS 2022/23**

Committee's approval was sought for the Council's Statement of Accounts 2022/23 as set out in Appendix 1 to the report.

Committee was advised that some changes may be requested to the Council's Statement of Accounts by the external auditor, MAZARS, in completing their audit. However, it was anticipated that there would be only limited changes between the version at Appendix 1 and the final Statement of Accounts for 2022/23. Further to this, it was recommended that delegated power 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 Statement of Accounts 2022/23. Only changes made under these delegated

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powers would relate to amendments agreed with the Council's external auditors Mazars.

Moved by Councillor Duncan Haywood and seconded by Councillor Cathy Jeffery **RESOLVED** that the Statement of Accounts in respect of 2022/23 be approved,

2) delegated powers be given to the Chief Financial Officer, in consultation with the Chair or Vice Chair of the 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 30<sup>th</sup> November 2023.

### AUD27-23/24      **ASSESSMENT OF GOING CONCERN STATUS**

Committee considered a detailed report which informed Members of an assessment of the Council as a going concern for the purposes of producing the Statement of Accounts for 2022/23.

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 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.

Local authorities carried out functions essential to the local community and were themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects were that alternative arrangements might be made by central government either for the continuation of the services it provided or for assistance with the recovery of a deficit over more than one financial year.

As with all principal local authorities, the Council was required to compile its Statement of Accounts in accordance with the Code which was published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Accounts drawn up under the Code therefore assumed that a local authority's services would continue to operate for the foreseeable future.

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 Council's current medium-term financial plan (MTFP) was revised in December 2022 and was based on assumptions that reflected what was known about the economy at that time. The Council had since seen the continued increases to general cost of living and the much-publicised issuing of, or potential issuing of, Section 114 notices by some local authorities. The Council needed to be confident that it understood and had taken into account any threats to its financial sustainability.

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The report for Committee's consideration set out the position for the Council and provided justification for the 2022/23 financial statements being prepared on a going concern basis.

Moved by Councillor Tom Munro and seconded by Councillor Duncan Haywood

**RESOLVED** that the outcome of the assessment of the Council's going concern status for the purpose of preparing the Statement of Accounts for 2022/23 be accepted.

### **AUD28-23/24. STRATEGIC RISK REGISTER AND PARTNERSHIP ARRANGEMENTS**

The Chief Executive provided a verbal update to the meeting in relation to the Council's Strategic Risk Register and Partnership arrangements.

The last meeting of the Risk Management Group was held on 31<sup>st</sup> October 2023, where the Council's Strategic Risk Register had been reviewed. Other items considered at the meeting were;

- a flooding de-brief provided by the Strategic Director of Services regarding the recent flooding in the District, and the grants schemes released by the government in relation to this.
- an update provided by the Chief Executive in relation to the Dragonfly Shareholder Board. The Service Level Agreement would be presented to Local Growth Scrutiny Committee in December and Executive in January 2024 for approval.
- the national picture regarding local authority finances & S114 Notices.
- the service risk register in relation to Governance, Legal and Monitoring provided by the Service Director Governance, Legal Services and Monitoring Officer.
- Emergency Planning Update.
- Insurance Update provided by the Senior Technical Officer from Finance who was ensuring the Council was getting best value from its insurance premiums as possible.

With regard to corporate risks, the group had discussed whether to remove the Covid risk from the Register at the end of March 2024. A risk which had been added was regarding Dragonfly, the Council's wholly owned company, this had been crossed referenced with the risk register in relation to the business case for Dragonfly. Housing pressures were a corporate risk to the Council and was probably the greatest it had ever been. There were just under 2,000 people on the Council's Housing waiting list and depletion of stock due to the Right to Buy Scheme and various government agendas, for example, immigration and homelessness schemes, were putting additional pressure on Housing. Thus the Council's Housing policies and procedures were being looked at. This was an issue which was affecting all councils nationally.

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The Portfolio Holder for Resources thanked the Chief Executive for a good update report and added that the Finance team were also under pressure, and this needed to be kept an eye on.

In response to a Member's query regarding Council reserves to cover internal claims against loss rather than buying into insurance policies, the Section 151 Officer advised Members that the problem with setting up a reserve was that it needed a lot of money, for example, £1m, and it was having those funds available.

In response to another Member's query, the Section 151 Officer advised the meeting that the Council's insurance policies had increased by £200k, split between the General Fund, Housing Revenue Account and Dragonfly. Total premiums were currently £570k.

Moved by Councillor Tom Munro and seconded by Councillor Duncan Haywood  
**RESOLVED** that the verbal update be noted.

### **AUD29-23/24      AUDIT COMMITTEE WORK PROGRAMME 2023/24**

Committee considered their work programme 2023/24.

Moved by Councillor Tom Munro and seconded by Councillor Cathy Jeffery  
**RESOLVED** that the work programme 2023/24 be noted.

The meeting concluded at 1440 hours.