

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Tuesday 12th March 2024 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), Theresa Fletcher (Section 151 Officer), Jenny Williams (Head of Internal Audit Consortium), Jim Fieldsend (Monitoring officer), Vicky Dawson (Assistant Director Housing Management and Enforcement) and Alison Bluff (Governance).

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

AUD30-23/24. APOLOGIES FOR ABSENCE

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

AUD31-23/24. URGENT ITEMS OF BUSINESS

The Chair consented to an urgent item of business to consider which was Accounting Policies. This would be considered before the Minutes of the last meeting held on 27th November 2023.

AUD32-23/24. DECLARATIONS OF INTEREST

There were no declarations of interest made.

AUD33-23/24. ACCOUNTING POLICIES 2023/24

Committee considered a detailed report, presented by the Section 151 Officer, which sought Members approval for the Accounting Policies 2023/24 as set out at Appendix 1 to the report.

The accounting policies adopted by the Council determined the accounting treatment that was applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determined the specific principles, bases, conventions, rules, and practices that would be applied by the Council in preparing and presenting its financial statements. The Accounting Policies were published within the Statement of Accounts document in accordance with the Code of Practice on Local

AUDIT COMMITTEE

Authority Accounting and incorporated the requirements of International Financial Reporting Standards (IFRS).

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.

The Section 151 Officer advised the meeting that she had made some amendments to the Accounting Policies in relation to the inclusion of Dragonfly and changes to Directorates in the Council.

Moved by Councillor Duncan Haywood and seconded by Councillor Cathy Jeffery **RESOLVED** that the Accounting Policies 2023/24 be approved.

AUD34-23/24. MINUTES – 27TH NOVEMBER 2023

Moved by Councillor Duncan Haywood and seconded by Councillor Carol Wood **RESOLVED** that the Minutes of an Audit Committee held on 27th November 2023 be approved as a true record.

AUD35-23/24. NOTES OF AN AUDIT COMMITTEE MEETING HELD ON 24TH JANUARY 2024

Subject to the inclusion of Ruth Jaffray (Coopted Member) being included in the attendance at the meeting, the notes of an Audit Committee held on 24th January 2024 be noted.

AUD36-23/24. 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. There was a strategic risk register for each service area.

The latest quarterly Risk Management Group (RMG) meeting had taken place on 23rd January 2024, and chaired by Councillor Clive Moesby, Portfolio Holder for Resources.

There were currently 15 corporate risks;

- Introduction of government legislation or any parliamentary uncertainty that may have an adverse impact on the Council's budget or ability to carry out its statutory functions. The Council keeps an eye on any release of white papers and upcoming general elections legislation which may impact on the Council.
- Delivering a balanced budget .
- Operational failure which may have a major impact on provision of services, residents, communities, and businesses, for example, major ICT or utilities failure
- Difficulty in recruiting to professional posts.

AUDIT COMMITTEE

- Delivery of statutory services alongside the Council's vision – need to align everything to the Council's Corporate Plan.
- Emergency Planning and Business Continuity and the Council's failure to meet the required standards of the Civil Contingencies Act. The Council works closely with DCC regarding this.
- Lack of appropriate strategic direction. The Council had a full Senior Leadership Team across all areas of the Council.
- Failure to meet the required standards of governance.
- Failure to have in place robust comprehensive and up to date policies and procedures around safeguarding. A recent refresh of the Council's Safeguarding Adults and Children was undertaken and approved.
- Failure to recover from the impact of Covid 19 on the Council, the local economy and local community. The Group were looking at changing this to any pandemic
- Cyber Security. The Assistant Director ICT provides regular updates to the RMG and would be happy to speak to Audit Committee at a future meeting if Members so wished.
- Significant increase to the general cost of living which may affect the Council's income, i.e., council tax, rent arrears and leisure income.
- Housing pressures – homelessness provision and resettlement schemes from the Government.
- Climate Change Officer. A new officer had recently been appointed.
- Dragonfly Development and Dragonfly Management Ltd to ensure the appropriate governance was in place. This would regularly be reviewed.

The Assistant Director of Housing Management and Enforcement had informed the RMG of the new Social Housing Regulations Act 2023 which would come into force on 1st April. The Council had been selected as one of the very first councils to have an inspection regarding this.

It had also been a heavy year for the Elections Team: there had been two elections in May and there would be a parliamentary election due soon.

The Section 151 Officer had taken the group through the reports in relation to council tax, budgets, and rents etc.

Strategic Emergency Planning risks – Adam Ballard, Emergency Planning Officer, had given a presentation to Members at Council.

Insurance premiums had escalated and this was being monitored.

In response to Members questions, the Chief Executive advised Committee that regular meetings were held in relation to ICT security to ensure that everything was being done and an update could be provided to Members at a future meeting. With regard to temporary housing accommodation, the Council had around ten to twelve units which were only used when absolutely necessary. The Council did not have the same issues with temporary accommodation which some other larger councils had and the Chief Executive could provide further information regarding homelessness and temporary accommodation to Members at a future meeting.

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

AUDIT COMMITTEE

REPORT OF THE COUNCIL'S EXTERNAL AUDITORS – MAZARS

AUD37-23/24. EXTERNAL AUDIT PROGRESS REPORT

Committee considered a detailed report, presented by Nomfundo Magwaza from Mazars, the Council's external auditors.

Mazars' audit of the Council's 2022/23 financial statements was substantially complete, and Mazars had issued their Audit Completion Report in November 2023.

Mazars work on the Council's value for money arrangements, including the commentary in the Auditor's Annual Report, was in progress, with their report due 3 months after they had signed the audit report.

Mazars were unable to issue the audit certificate until the certificate for 2021/22 was signed and the National Audit Office (NAO) had issued final instructions regarding sampled components for the purposes of the Whole of Government Accounts.

With regard to the 2023/24 audit progress, Mazars had been communicating with management, however, they had not started with their planning discussions, but would do so once the audit for 2022/23 had been completed.

The Government, National Audit Office, audit suppliers and regulators, were working together to find a way to clear the backlog in 2023/24, which was the first year of a new external audit contract let by Public Sector Audit Appointments Limited. Mazars would update Audit Committee as soon as a way forward was agreed with all stakeholders, as all parties recognised that the current situation in the public sector external audit market was unsustainable.

In response to a Member's query regarding the NAO, Nomfundo advised Members that unfortunately, it was not in the control of Mazars to 'chase up' the NAO to sign the 2021/22 certificate as mentioned above.

Moved by Councillor Duncan Haywood and seconded by Councillor Cathy Jeffery **RESOLVED** that Mazars external audit progress report be noted.

Councillor Clive Moesby left the meeting.

REPORTS OF THE HEAD OF INTERNAL AUDIT CONSORTIUM

AUD38-23/24. SUMMARY OF PROGRESS ON THE 2023/24 INTERNAL AUDIT PLAN

Committee considered a detailed report, presented by the Head of Internal Audit Consortium, which provided progress in respect of the 2023/24 Internal Audit Plan.

The Public Sector Internal Audit Standards required that the Head of the Internal Audit Consortium reported periodically to the Audit Committee in respect of performance against the Audit Plan. Significant risk and control issues should also be reported.

AUDIT COMMITTEE

Appendix 1 to the report provided a summary of reports issued in January to February 2024, in respect of the 2023/24 Internal Audit Plan. The appendix showed for each report the level of assurance given and the number of recommendations made / agreed where a full response had been received. This provided an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels used could be seen in the table contained in the report. The assurance levels had also been linked to definitions of risk within the Risk Management Strategy.

During the reporting period, two reports had been issued both with reasonable assurance. No issues relating to fraud were identified.

Appendix 2 to the report provided full details of the audits completed and those in progress. A few audits would need to be deferred due to staff shortages during the year. Members were advised that a new part time auditor had started in post on 4th March 2024.

Moved by Councillor Duncan Haywood and seconded by Councillor Cath Jeffery **RESOLVED** that the report be noted.

AUD39-23/24. IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Committee considered a detailed report, presented by the Head of Internal Audit Consortium, which provided a summary of the internal audit recommendations made and the progress made on implementation for the financial years 2020/21 - 2023/24, to date.

Internal Audit made 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.

The appendix to the report provided an analysis of the number of recommendations made and implemented for the financial years 2020/21 – 2023/24, to date. The table also summarised the number of recommendations that had been implemented and those that were outstanding.

Of the outstanding recommendations, 1 was high, 5 were medium and 10 were low priority. Managers had provided up to date comments in respect of the overdue recommendations and these comments were included in the table.

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

AUD40-23/24. INTERNAL AUDIT PLAN 2024/25

Committee considered a detailed report, presented by the Head of Internal Audit Consortium, which sought Members approval for the Internal Audit Plan 2024/25.

A key requirement of the Public Sector Internal Audit Standards was that a periodic risk-

AUDIT COMMITTEE

based plan should be prepared that was sufficiently flexible to reflect the changing risks and priorities of the organisation. The risk-based plan should be fixed for a period of no longer than one year and should outline the assignments to be carried out, their respective priorities, and the estimated resources needed.

Some reserve audit areas had been included at the end of the plan and whilst every effort would be made to complete the 2024/25 planned areas first, a list of reserve areas would provide more flexibility, as at certain times of the year, particularly year end there could be legitimate reasons why an audit was not feasible at a particular time. If the contingency days were not required then these would be utilised on the reserve areas.

An annual report summarising the outcome of the 2023/24 Internal Audit Plan would be presented to Members after the year-end. Some of the areas within the 2023/24 Internal Audit Plan had been carried forward to 2024/25.

Resource availability had been based on the Consortium Business Plan which would be approved by the Joint Board on 27th March 2024. 483 days were allocated in total.

It was intended to allocate 73 days to Dragonfly Ltd., and some of these days would be utilised to develop and agree their plan moving forward once the role of Internal Audit had been clarified and agreed with the Shareholder and Dragonfly Boards. The audit of Dragonfly Management functions was business as usual, however, clarity was still required in relation to the role in respect of Dragonfly Development Ltd.

The plan was ambitious and reliant upon having a full staffing complement and fully trained staff so the plan may not be completed in its entirety.

Any amendments made to the plan would be brought back to Audit Committee for approval.

In response to a Member's query regarding supplemental resources in the Audit team, the Head of Internal Audit noted that an advantage of being part of a consortium was a team of auditors were based between the three councils, Bolsover, Chesterfield and North East, and resources could be rearranged to ensure all three councils had their plan completed. There was also a contingency resource to bring in agency staff or look at other options if necessary and the Section 151 Officer at Chesterfield Borough Council was looking at future consideration for apprentices in the wider plan for the Audit Consortium.

The Chief Executive added that the Council was in full support of apprentices and there were many in the Council. However, she was against creating apprenticeships were there would be no vacancy at the end of the apprenticeship training.

Moved by Councillor Tom Munro and seconded by Councillor Carol Wood

RESOLVED that 1) the Internal Audit Plan for 2024/25 be agreed,

2) that the plan was provisional and may need adjusting and prioritising in the light of any emerging risks / staff shortages etc be noted.

AUDIT COMMITTEE

AUD41-23/24. LOCAL AUDIT DELAYS – CONSULTATION AND PROPOSALS FOR THE FUTURE

Committee considered a detailed report, presented by the Section 151 Officer, which provided information on local audit delays, the consultation on clearing the backlog of audits, and the proposals for the future to ensure timely audits for the sector.

Members may be aware that there had been a deterioration in the timeliness of local audit since 2017/18, with delays compounded during the Covid pandemic - this had led to a persistent and significant backlog of audit opinions. As of 31st December 2023, the backlog of outstanding audit opinions stood at 771, with some audits dating back to 2015/16. Only 1% of English Councils were in a position to publish their audited accounts by the deadline of 30th September 2023, which was 5 out of the 467 total. By mid-January 2024, this had increased to 10% according to commentators.

The opinion on the Council's statement of accounts for the year 2022/23 was outstanding at the date of drafting this report. Mazars, the Council's auditors were waiting for the audit of the Derbyshire pension fund to be completed before they could be sure the Council's statement of accounts did not need to change to reflect any changes made to the pension fund accounts by their auditors.

Attached at Appendix 1 to the report was a joint statement published on 8th February 2024 as an update to proposals to clear the backlog and embed timely audit. Attached at Appendix 2 was the published consultation giving details on how the local audit backlog issue was proposed to be resolved. The Section 151 Officer advised Members that she had submitted a response to the consultation directly on the government's portal in February.

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

AUD42-23/24. AUDIT COMMITTEE SELF ASSESSMENT FOR EFFECTIVENESS

Committee considered a detailed report, presented by the Section 151 Officer, which informed Members of CIPFA's updated practical guidance and Position Statement for Audit Committees in local authorities and police 2022 edition, and to enable the Audit Committee to undertake a self-assessment for effectiveness.

A regular self-assessment should be used to support the planning of the Audit Committee work programme and training plans and would also inform the annual report.

Members would recall that the self-assessment of good practice had been completed in previous years. Once completed, this would be reviewed and if necessary, an action plan presented to a future meeting of the Audit Committee.

Members went through the Self-Assessment form and identified seven areas of training for Audit Committee Members to focus on.

AUDIT COMMITTEE

In relation to question 5; *do all those charged with governance and leadership roles have a good understanding of the role and purpose of the committee*, the Chief Executive noted that she would ask Senior Leadership Team to attend an Audit Committee meeting at least once each year.

Moved by Councillor Tom Munro and seconded by Councillor Duncan Haywood

RESOLVED that 1) the updated CIPFA guidance for Local Authority Audit Committees be noted,

2) the completed self-assessment be reviewed and an action plan devised by the Section 151 Officer to be presented to a future meeting of the Audit Committee.

AUD43-23/24. MEMBER TRAINING 2024/25 – MEMBER DISCUSSION

Committee noted that undertaking the Self-Assessment above had identified seven areas of training for Audit Committee Members to focus on.

The Section 151 Officer would complete the action plan and then look at arranging the identified training and suitable dates outside of the Audit Committee meetings.

Members noted they would prefer face to face training in relation to the sessions.

Moved by Councillor Tom Munro and seconded by Councillor Duncan Haywood

RESOLVED that the Section 151 Officer completes the action plan and arranges identified training and suitable dates outside of the Audit Committee meetings.

AUD44-23/24. AUDIT COMMITTEE WORK PROGRAMME 2023/24

Committee noted their last Work Programme of 2023/24. A new Work Programme for 2024/25 would be presented to the next meeting.

Moved by Councillor Tom Munro and seconded by Councillor Duncan Haywood

RESOLVED that the Work Programme 2023/24 be noted.

The meeting concluded at 1513 hours.