

Audit Committee
1 APRIL 2020

Present: Councillors: Stuart Ritchie (Chairman), John Blackall, Paul Clarke, Ruth Fletcher and Richard Landeryou

Apologies: Councillors: Tony Bevis and Jack Saheid

AAG/35 **APPOINTMENT OF VICE CHAIRMAN**

Cllr John Blackall was nominated as vice chairman of the Audit Committee by Cllr Stuart Ritchie, he was seconded by Cllr Paul Clarke

RESOLVED

Cllr John Blackall would be the Vice Chairman of the Audit Committee for the remainder of the municipal year.

AAG/36 **MINUTES**

The minutes of the meeting from 18 December 2019 were agreed to be an accurate record and were signed by the Chairman.

AAG/37 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/38 **ANNOUNCEMENTS**

Under the newly implemented Coronavirus Act 2020 provision had been made for Local Authority Meetings to be held remotely.

AAG/39 **TO AGREE THE DATES OF MEETINGS IN 2020/21 AS FOLLOWS:**

Members agreed to the suggested dates as printed, however the dates would be kept under review during the COVID-19 outbreak.

RESOLVED

The meetings of the Audit Committee would be held on 15 July 2020, 30 September, 16 December 2020 and 14 April 2021.

AAG/40 **EXTERNAL AUDIT PROGRESS REPORT**

The Committee received the external audit progress report from its auditors Ernst and Young.

One additional significant risk had been identified and one further area of audit focus had been identified since December 2019. The additional significant risk was the valuation of retail property following the economic difficulties in the retail sector, which have a direct impact on the value of the retail units. The additional area of audit focus was the restatement on the Comprehensive Income and Expenditure Statement, Expenditure and Funding Analysis and related disclosure notes. The Council changed its internal reporting structure in 2019/20, therefore the comparative analysis will need to be restated in the accounts.

External Audit undertook their interim visit in March 2020 and had progressed work surrounding: Income and expenditure; Payroll; Additions and disposal; Property valuations; IFRS 16.

Performance materiality had been set at 75% for 2019/20.

Members noted the contents of the report.

AAG/41 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Director of Corporate Resources presented the Risk Management Quarterly Report. The high risks were identified as followed:
CRR35 – The Council was unable to deliver statutory front-line services to the community due to staff shortages
CRR016 – Funding from Government was less generous than assumed in the Medium-Term Financial Strategy from 2021
CRR03 – The Council was found to have failed to fulfil its obligations under the Act in the event of a civil emergency.
CRR19 – Uncertainty in the UK and World economy leading to recession
CRR31 – Unavailability of key officers

RESOLVED

That the Committee note the report.

AAG/42 **ANNUAL GOVERNANCE STATEMENT**

The Director of Corporate Resources presented the draft Annual Governance Statement.

RESOLVED

That the Committee approve the draft Annual Governance Statement for 2019/20

AAG/43 **INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (01/09/19 TO 31/12/19)**

The Council's Chief Internal Auditor presented the Internal Audit Progress Report. Of the six formal audits finalised during Quarter 3, one received a

“partial” assurance opinion, two received “reasonable” assurance opinions and three received “substantial” assurance opinions. There were no opinions of “minimal assurance”

The Audit that received partial assurance was Accounts Receivable. This was because one department had significantly fallen behind in the invoicing of some of its customers following a change of software system in the service. These issues had been resolved and processes had been improved. A separate piece of audit work in this department is planned for 2020/21 which will include a review of this billing process. With the exception of this particular issue, the Accounts Receivable process and controls in operation through the financial system were considered to be effective.

The Council’s Chief Internal Auditor reported that the internal audit service would be able to continue working during the COVID-19 outbreak.

RESOLVED

That the Committee note the report.

AAG/44 **INTERNAL AUDIT STRATEGY 2020/21 AND ANNUAL PLAN**

The Council’s Chief Internal Auditor presented the Internal Audit Strategy 2020/21 and Annual Plan. The Committee noted the planned audit reviews and the outline objective for each.

There were several new areas of investigation: Capitol - Bar & catering facility; Community lottery; Jigsaw (Housing Services) computer application system audit; Ulysses (Safelink) computer application system audit.

Other Priority areas identified for inclusion in the audit plan included: Procurement; Budgetary control; Car parking income; Trade waste; Volunteers; Data in Transit; Travel and expenses.

There is an element of flexibility built into the audit plan which enables the audit team to respond to emerging risks.

RESOLVED

That the Committee approve the Council’s Audit Strategy 2020/21 and Annual Plan

AAG/45 **URGENT BUSINESS**

There was no urgent business.

AAG/46 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

That under section 100A(2) of the Local Government Act 1972, the press and public be excluded from the meeting for the remainder of this item of business on the grounds that it involves the likely disclosure of exempt information, as detailed in Part 1 of Schedule 12A of the Act, by virtue of paragraph and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

AAG/47 **HOP OAST - CULTURAL COMPLIANCE AUDIT**

The Director of Community Services presented the exempt report to the Committee.

The meeting closed at 6.46 pm having commenced at 5.30 pm

CHAIRMAN