



<p><u>Committee and Date</u></p> <p>Audit Committee</p> <p>22 February 2022</p>
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MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22 OCTOBER 2021 2.00 - 2.50 PM

Responsible Officer: Michelle Dulson

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Present

Councillor Brian Williams (Chairman)

Councillors Rosemary Dartnall, Nigel Lumby and Roger Evans

Councillor Simon R Harris joined the meeting by video link (in a non-voting capacity)

42 Apologies for Absence / Notification of Substitutes

Councillor Simon R Harris joined the meeting by video link (in a non-voting capacity).

43 Disclosable Pecuniary Interests

Members were reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

44 Public Questions

There were no questions from members of the public.

45 Member Questions

There were no questions from Members.

It was agreed to take Agenda Items 5 (Second line assurance: Final Approval - Statement of Accounts 2020/21) and 6 (Third line assurance: External Audit: Draft Annual Audit Findings Report 2020/21) together.

46 Second line assurance: Final Approval - Statement of Accounts 2020/21 and

Third line assurance: External Audit: Draft Annual Audit Findings Report 2020/21

The Committee received the report of the Executive Director of Resources (Section 151 Officer) – copy attached to the signed Minutes – which presented members with the audited outturn position for the financial year 2020/21 and detailed any amendments made to the Draft Statement of Accounts during the audit process.

The Committee also received the report of the Engagement Lead – copy attached to the signed Minutes – which set out the findings from the audit that were significant to those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260.

The Executive Director of Resources (Section 151 Officer) reminded Members that they had seen the Statement of Accounts at the September meeting when work was still awaiting completion by External Audit.

The Interim Director of Strategic Finance confirmed that Grant Thornton had substantially completed the audit and she confirmed that no material changes were identified during the audit to date, however there had been one amendment to the core financial statements and a number of other amendments made to the disclosures. The main changes were summarised in table one on page 3 of the report and in summary the adjustments included amendments to the balance sheet and the group balance sheets in relation to the classification of a grant, an adjustment had also been made in the group income and expenditure statement of accounts and some adjustments had been made in the accounting policies in relation to non-current assets as well as critical judgment and applying accounting policies. Amendments had also been made to a few notes to the accounts which were listed on pages 4 and 5 of the report.

The Interim Director of Strategic Finance confirmed that the final audit opinion would not be available until the audit had been completed however External Audit were anticipating an unqualified opinion pending the satisfactory conclusion of outstanding matters. The Interim Director of Strategic Finance then drew attention to the Annual Governance Statement which had been approved by the Audit Committee on 30 July 2021.

The Engagement Lead took Members through the Audit Findings Report and referred the Committee to the Headlines page. He confirmed that the audit was substantially complete apart from a couple of outstanding items which the External Audit Manager would take them through. He then drew attention to the audit adjustments, including in relation to the classification of a grant which did not impact upon the resources available to the Council but which had been put through the financial statements.

Turning to the recommendations, the Engagement Lead confirmed that they had completed their work in relation to housing and property, plant and equipment and were working through other random buildings. One thing that was noted for the future, was the way in which the Council applied de minimis to certain assets and that those below £50,000 were not recorded within the financial statements but they were satisfied that the level of those now was trivial, but the council had been asked to monitor the situation in case those assets crept up, when they should probably be disclosed properly in the financial statements.

He then referred to five recommendations which related to deficiencies identified by External Audit's specialist IT team, none of which were significant but were areas for improvement, set out in the appendices and which would be discussed with management. He confirmed that they anticipated giving an unqualified audit opinion subject to completing the work.

The Engagement Lead confirmed that there was still some work required to complete the Value for Money conclusion and that in future years there should be an alignment between External Audit reporting and the Annual Auditors report and opinion. It was hoped to get this done before the end of December, however during their work to date, no significant weaknesses had been identified.

The Engagement Lead drew attention to communications received from two electors which met the criteria to be considered as objections to the financial statements. It was hoped that one would be resolved between the elector and the Council. The second one required some work to be undertaken and again it was hoped to complete these by the end of December. Although this would not have a material impact on the accounts, it meant that the certificate could not be issued nor the accounts signed off. The Engagement Lead agreed to provide an update to the next meeting of the Audit Committee.

The Engagement Lead informed the Committee that the only other outstanding issue was related to the Whole of Government Accounts and that guidance from the Government was not expected until December.

In response to a query, the Engagement Lead was hopeful that they would be able to report back to the Audit Committee at its 9 December 2021 meeting. In response to a further query, the Engagement Lead explained materiality and how it was calculated. In response to a query it was confirmed that the JPUT report would be circulated to the Committee later that day however it was not a public report and was purely technical in nature.

In response to a query about the IT policy for the Leavers process and other issues, the Executive Director of Resources (Section 151 Officer) agreed to supply the Committee with dates for when these items should

be completed. Finally, the Engagement Manager took members through the status of the outstanding matters set out on page 6 of the report and the Executive Director of Resources (Section 151 Officer) summarised the current situation in relation to the accounts and informed the Committee that it was recommended that he be authorised, in consultation with the Chairman, to make any final minor amendments to the accounts. The Chairman confirmed that if any material issues arose, he would call an additional meeting.

RESOLVED:

- 1. That the 2020/21 Statement of Accounts be approved and that the Chairman of the Audit Committee signs them (in accordance with the requirements of the Accounts and Audit Regulations 2015).
- 2. That the Executive Director of Resources (Section 151 Officer) be authorised to make any adjustments to the Statement of Accounts prior to publication on the Council’s website.
- 3. That the Executive Director of Resources (Section 151 Officer) and the Chairman of the Audit Committee sign the letter of representation in relation to the financial statements on behalf of the Council and send to the External Auditor.
- 4. To note the contents of the Draft Annual Audit Findings Report 2020/21.

47. Date and Time of Next Meeting

Members were advised that next meeting of the Audit Committee would be held on the 9 December 2021 at 10.00 am.

Signed (Chairman)

Date: