

Minutes of the meeting of the AUDIT COMMITTEE held on 23 MARCH 2021 at 7.00 pm

Present: Councillor P Cannon (Chair)
Councillors R Bradburn, Lancaster, Legg, Minns, Montague, Petchey (Vice Chair), Rankine and Wales and Independent Member Mr W Bush Mr I Farookhi.

Officers: S Richardson (Director of Finance and Resources (Section 151 Officer)), D Wilkinson (Chief Internal Auditor), J Fru (Deputy Chief Internal Auditor) A Rulton (Head of Finance (Deputy S151 Officer)), V Errington (Corporate Accounting Manager) and D Imbimbo (Committee Manager)

Also Present: Mr N Harris E.Y. Co. Ms N Clarke E.Y. Co. (External Auditors).

Apologies: Councillor Gilbert (Vice Chair) and Mr I Farookhi (Independent Member).

AC27 CHAIRS WELCOME AND INTRODUCTION

The Chair welcomed Members and Officers to the meeting, he stated that the meeting was being held remotely and would be broadcast live on YouTube and explained the procedures to be adopted.

AC28 DISCLOSURE OF INTERESTS

None were disclosed.

AC29 MINUTES OF PREVIOUS MEETINGS

RESOLVED –

That the Minutes of the meeting of the Audit Committee held on 27 January 2021 be agreed as a correct record and signed by the Chair as such.

AC30 STATEMENT OF ACCOUNTS

ANNUAL GOVERNANCE STATEMENT

EXTERNAL AUDITORS REPORT

The Chair told the Committee that as the three items were related, he would take them as one;

The Director Finance and Resources introduced a report in respect of the Annual Accounts 2019-20.

The Committee was reminded that the draft accounts had been published in July 2020, ahead of the revised August deadline, the

deadline for the completion of the audit was the end of November however, the audit did not start until late October. This was a reflection of the national position for audits due to resourcing issues experienced by the External Auditors.

The Committee heard that the audit had not yet been finalised primarily due to a delay in completing a valuation of the residual waste plant which required specialist assessment. It was also noted that the value for money work was only partially completed.

The Committee was told that there were no amendments to the accounts expected as a result of the completion of the outstanding work, the Director, Finance and Resources asked that the Committee agree to allow the Chair and Vice Chairs to approve the accounts once the audit was finalised subject to there being any major unexpected changes.

The Committee received a presentation from the Corporate Accounting Manager setting out the Key Financial Statements in the accounts.

The Chief Internal Auditor introduced the Annual Governance Statement, the Committee was reminded that it was required to consider the AGS alongside the Statement of Accounts.

The Committee heard that the document was largely unchanged from the previous year, it was noted however that the AGS does make reference to the significant issues that have occurred due to the COVID19 Pandemic.

Mr Harris of E.Y. introduced the External Audit Report. The Committee heard confirmation that the Recycling Centre was still being assessed in terms of value and had required the engagement of a specialist valuation team to conduct that review. The Committee heard an overview of the ongoing audit and detail of the outstanding work.

The Committee noted that the report set out the position in respect of the Audit fees. M Harris told the Committee that External Auditors did not believe that the scale of charges set in respect of Local Government Audits reflected the work required to address the complexity that is being seen with Local Authority Financial Statements and the impact on the Audit procedures and the outcome from Regulatory and Professional expectations of Auditors.

The Committee further heard that the External Auditors anticipated additional fees in respect of the work undertaken in valuations, the procedures for Group Audits and additional work required following the impact of COVID19 on finances.

Councillor Bradburn referring to a report from the National Audit Office and a letter from the Controller, Auditor Generals Office dated 12 March, expressed concern at the delays in local authority audits. He commented that the delays had a serious impact of future planning for the authority.

Councillor Rankine, referring to a report from the External Auditors that referred to YourMK and governance issues, stated that he believed that one of the main functions of the Committee was to learn how the Council achieves Value for Money and learns from mistakes and manages contracts and asked that the Committee consider this matter in detail once the audit work was completed. Mr Harris confirmed that this issue would form a part of the Annual Audit Letter, he further stated that he was unaware of any other similar issues that he needed to bring to the attention of the Committee.

The Chair, seconded by Councillor Bradburn, proposed that the Committee note the Statement of Accounts for the financial year ended 31 March 2020 as presented, and, that the Accounting Policies for the financial year ended 31 March 2020 be approved, and, that the Annual Governance Statement for the year ended 31 March 2020 be approved, and, that the Director of Finance & Resources (S151 Officer), following consultation with the Chair and Vice Chair's, be delegated authority to make any final amendments to the Accounts arising from outstanding audit work prior to the signing of the accounts by the auditor.

Councillor Bradburn, seconded by Councillor Montague, proposed that the Committee note and share concerns expressed in the report dated the 12 March 2021 by the Controller and Auditor General on the "Timeliness of Local Auditor Reporting on Local Government in England 2020" as to the delays in reports being issued. While acknowledging the effect of the COVID 19 pandemic on these Audits notes that the situation was in difficulty prior to this, and, that the Committee recommends that as the delay in these audits is causing difficulties in planning for the future and recognising issues as soon as possible the Cabinet, working with the Director of Finance and Chief Internal Auditor, follow the words of the said report in that they seek to identify ways to co-operate and Collaborate with all bodies involved in the local audit system to improve a declining situation and lobby strongly in doing this from the Government through the Ministry of Housing Communities and Local Government.

The motions were agreed by acclamation.

RESOLVED –

That;

1. The Committee notes the Statement of Accounts for the financial year ended 31 March 2020 as presented, and,
2. The Accounting Policies for the financial year ended 31 March 2020 be approved, and,
3. The Annual Governance Statement for the year ended 31 March 2020 be approved, and,
4. The Director of Finance & Resources (S151 Officer), following consultation with the Chair and Vice Chair's, be delegated authority to make any final amendments to the Accounts arising from outstanding audit work prior to the signing of the accounts by the auditor, and,
5. The Committee note and share concerns expressed in the report dated the 12 March 2021 by the Controller and Auditor General on the "Timeliness of Local Auditor Reporting on Local Government in England 2020" as to the delays in reports being issued. While acknowledging the effect of the COVID 19 pandemic on these Audits notes that the situation was in difficulty prior to this.
6. The Committee recommends that as the delay in these audits is causing difficulties in planning for the future and recognising issues as soon as possible the Cabinet ,working with the Director of Finance and Chief Internal Auditor, follow the words of the said report in that they seek to identify ways to co-operate and Collaborate with all bodies involved in the local audit system to improve a declining situation and lobby strongly in doing this from the Government through the Ministry of Housing Communities and Local Government.

AC31 CORPORATE RISK REGISTER

The Committee considered a report in respect of the Corporate Strategic Risk Register which was introduced by the Chief Internal Auditor.

Referring to a briefing session the Committee had undertaken in respect of cyber security, the Chief Internal Auditor reminded the Committee that here was a view that training for staff across the Council should be mandatory due to the significant risks posed in this respect.

Councillor Bradburn proposed that the Committee recommend to the Corporate Leadership Team that a policy of Mandatory Training for all staff and Councillors in respect of Cyber Security be adopted, this was seconded by Councillor Rankine.

Councillor Rankine also expressed concern in respect of the risks posed by information governance in particular the email retention policy which did not feature on the Strategic Risk Register and stated that he believed this was a matter that the Committee should explore in more detail.

The Chief Internal Auditor undertook to raise the matter with the appropriate Officers. In response to a question the Chief Internal Auditor also undertook to make the Corporate Leadership Team aware that the Committee held some concerns in respect of the assessments within the Strategic Risk Register in regards to project risk and economic growth risk, both of which were marked as 'good' but may need further consideration.

RESOLVED –

That;

1. The report be noted, and,
2. The Committee be presented a briefing in respect of Information Governance risk including the email retention policy, and,
3. That the Corporate Leadership Team be recommended to consider requiring all staff and Councillors to undertake the online training session in respect of Cyber Security.

THE CHAIR CLOSED THE MEETING AT 8:24 PM