

HARBOROUGH DISTRICT COUNCIL

MINUTES OF THE AUDIT AND STANDARDS COMMITTEE MEETING

Held in The Council Chamber, The Symington Building, Adam and Eve St, Market Harborough

On Tuesday 28th June 2022

Commencing at 6.30pm

Present:

Councillors: Bannister (for item 1 only), Dr Bremner (Chairman), Dunton, Hollick, Knowles, Nunn, Mrs Page and Mrs Wood

Officers: L. Elliott, S. Hamilton, C. Mason, B. Morris and E.O'Neil

Internal Auditors (North Northamptonshire Council): T. Croote

External Auditors (Mazars): M. Surridge

1. ELECTION OF CHAIRMAN FOR THE YEAR 2022/23

The Chairman of the Council opened the meeting and invited nominations for Chairman for the 2022/23 year.

It was proposed by Councillor Nunn and seconded by Councillor Mrs Page that Councillor Dr Bremner be elected Chairman for the 2022/23 year.

There being no further nominations, it was

RESOLVED: that Councillor Dr Bremner be elected as Chairman of the Committee for the year 2022/23.

2. ELECTION OF VICE-CHAIRMAN FOR THE YEAR 2022/23

The elected Chairman then invited nominations for Vice-Chairman for the 2022/23 year.

It was proposed by Councillor Mrs Page and seconded by Councillor Mrs Wood that Councillor Nunn be appointed Vice-Chairman for the 2022/23 year.

There being no further nominations, it was

RESOLVED: that Councillor Nunn be appointed as Vice-Chairman of the Committee for the year 2022/23.

3. APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES

Apologies were received from Councillor Golding, who was substituted by Councillor Mrs Page.

4. DECLARATIONS OF MEMBERS' INTERESTS

There were none.

5. MINUTES OF THE PREVIOUS MEETING

RESOLVED that the Minutes of the Meeting of the Audit and Standards Committee held on the 27th April 2022 be approved and signed by the Chairman as a true record.

6. UPDATE ON STANDARDS MATTERS AND COMPLAINTS

The report was presented by the Interim Monitoring Officer. A new Model Code of Conduct was developed by the Local Government Association which has subsequently been adopted by all the Leicestershire Councils including HDC at its meeting on 21 February 2022.

Training on the new Code of Conduct was delivered to HDC Members on 19 April 2022 by an external provider. The training gave a good insight to the provisions contained in the Code and the recorded training has been offered to Town and Parish Councils to view.

The Guidance that supports the Councils' Standards Complaints process has been revised with the main change being that that going forward any HDC Member Complaints are assessed by the Monitoring Officer in consultation with the Independent Person rather than just automatically being referred to a Hearings Sub-Committee to decide if they will be investigated. This change enables the Complaint to be measured against an agreed Assessment Criteria which is contained in the Guidance to ensure only matters that fall within the Standards regime proceed.

RESOLVED that the report be noted.

7. ANNUAL INTERNAL AUDIT REPORT AND OPINION 2021/22

T. Croote, Internal Auditor, presented the Annual Internal Audit Report and Assurance Opinion 2021/22.

Based upon the work undertaken by Internal Audit during 2020/21, the Chief Internal Auditor's opinion in respect of the adequacy and effectiveness of the Council's control environment was that a Satisfactory Assurance can be given, which comprises of the system of internal control, governance arrangements and risk management. However, there are some specific limitations or exceptions to the opinion, which are detailed within the report.

The Committee noted the progress in relation to the various audit areas, and that the Growth Projections audit report had been finalised that day. The Committee also noted that a total of 28 audit recommendations have been implemented by officers during 2021/22, including some actions from previous years. There were no actions from the 2021/22 audits which were overdue as at 31st March 2022 - but there were, however, actions outstanding from four audits delivered in previous financial years.

RESOLVED that the Annual Internal Audit Report and Assurance Opinion for 2021/22 be received and noted.

8. INTERNAL AUDIT – PROGRESS AND PERFORMANCE UPDATE

T. Croote, Internal Auditor, presented the Committee with the current progress against the 2022/22 Audit Plan.

The Committee noted that since April 2022, seven actions arising from Internal Audit reports had been implemented. One audit assignment has been finalised and a further three are underway.

The Committee had a comprehensive discussion regarding the audit on agile working, and it was confirmed that Internal Audit would be commencing an independent review on Agile working in August, and also that a report on Agile working would be considered by scrutiny in due course.

Following discussion, the Committee

RESOLVED that the internal audit progress report, attached as Appendix A to the report, and the status of outstanding recommendations at Appendix B be noted.

9. EXTERNAL AUDIT: AUDIT STRATEGY MEMORANDUM

M. Surrige, Engagement Lead of Mazars presented the Committee with the Audit Strategy Memorandum report. The report summarised the audit approach taken, and highlighted significant audit risks and areas of key judgements.

The Committee noted that the external Auditors are mid-way through the audit of the Council's 2021/22 Financial Statements (the Annual Financial Report. As part of the production of the financial statements the Council will use experts to determine appropriate values i.e. in respect of Pensions; via Leicestershire County Council, the actuary Hymans Robertson LLP will provide estimated pension valuations. The auditors will review these expert opinions in line with audit standards and practice.

The auditors will also review the work of organisations who provide services to the council; especially those that are part of the information systems relevant to financial reporting e.g. Internal Audit, and will review the financial consolidation arrangements of any subsidiary companies.

Three risks have been identified relevant to the audit of financial statements – management override of controls; valuation of the net defined benefit pension liability; and valuation of land and buildings.

RESOLVED that the Audit Strategy Memorandum, as detailed in Appendix 1 to the report be noted.

10. RISK AND OPPORTUNITY MNGEMENT QUARTER 4

The Committee considered the Corporate Risk and Opportunity report for Quarter 4, 2021/22.

At the end of Quarter 4 of the 2021/22 year there were nineteen Risks and seven Opportunities on the Corporate Risk and Opportunity Register; details of these were included in appendix A to the report.

One new Corporate Risk was added to the Corporate Risk and Opportunity Register during Quarter 4 of the 2021/22 year: CR 41 Disruption/ uncertainty arising from the war in Ukraine.

Of the 26 risks and opportunities, three (15.8%) were assessed as Red status, these being:

- CR 33 Costs of planning appeals, and legal challenges, exceed budget
- CR 37 Increase in homeless presentations results in an increased demand in Council support for relief
- CV 03 Loss of income, as economic activity reduces, weakens the Council's cashflow and financial sustainability.

Following discussion, the Committee

RESOLVED that the Corporate Risk and Opportunity Register (attached at Appendix A to the report) at the end of Quarter 4 of the 2021/22 year be noted.

11. CODE OF FINANCIAL MANAGEMENT – SELF-ASSESSMENT

The report was presented by the Director, Finance, ICT and Assets and S151 Officer. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the Code of Financial Management (FM Code) in October 2019. Its purpose is for local authorities individually to undertake a self-assessment of their financial management processes and practices against a set of core “principles” that are enshrined within the FM Code. The report illustrated the Councils self-assessment and what actions are considered necessary to make the Councils Financial Management as good as “practically” possible within a proportionate and affordable financial framework.

An independent review of the Council’s FM Code self-assessment has been undertaken by Internal Audit and they have determined that its score and recommendations are “fair”.

RESOLVED that the Councils self-assessment of CIPFA’s Code of Financial Management (as detailed at Appendix 2 to the report) and Internal Audit’s review of the self-assessment (as detailed at Appendix 3 to the report) be noted.

MATTERS OF URGENT BUSINESS

There were none.

The meeting closed at 8.00 pm