

PUBLIC

MINUTES of a meeting of the **AUDIT COMMITTEE** held on Tuesday, 18 July 2023 in the Council Chamber, County Hall, Matlock.

PRESENT

Councillor G Musson (in the Chair)

Councillors R Parkinson, N Atkin, R Mihaly, J Nelson and P Rose.

Apologies for absence were submitted for J Pressley (Mazars).

Officers present: D Ashcroft, N Bailey, T Kearsey, M Kenyon, J Lakin, E Scriven, P Spencer and S Stevens.

30/23 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

31/23 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 21 MARCH 2023

The minutes of the meeting held on 21 March 2023 were confirmed as a correct record.

32/23 REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL

In order to provide members with the necessary assurances around the effectiveness of the system of internal control, it was appropriate to consider and reflect on the work of the Audit Committee, the assurances received from the internal and external audit and evidence from the statement of accounts including the Annual Governance Statement which would be considered alongside the draft accounts for 2022-23.

Members asked if there were sufficient controls in place with regard to the arrangement the Authority had with Suffolk County Council or any other outside bodies. Internal Audit reported that they were currently undertaking a review of the governance arrangements.

RESOLVED:

That the Audit Committee considers the information provided in the report as evidence of the effective operation of the internal control

system.

33/23 STATEMENT OF ACCOUNTS 2021-22 AND 2022-23

At the meeting of the Audit Committee on 29 November 2022, members were informed that the Council had intended to publish a notice of delay in publishing its audited 2021-22 Statement of Accounts, due to a national issue on accounting for infrastructure assets. The Chartered Institute of Public Finance and Accountancy (CIPFA) had issued its Bulletin 'Accounting for infrastructure Assets – Temporary Solution' on 11 January 2023. Discussions with the Council's auditors on the interpretation of the Bulletin had concluded in early March 2023 and had resulted in minor disclosure changes to the 2021-22 Accounts.

However, the audit of these accounts had yet to be concluded because of a further national issue that had emerged at the time which required the Council to obtain an updated IAS 19 Report to reflect the March 2022 actuarial valuation from the Fund's Actuary. The Council had received this updated IAS Report on 15 June 2023 and this updated Actuary's Report had resulted in revised LGPS adjustments and disclosures in the Council's accounts. The Council was working closely with the external auditor to ensure that the 2021-22 audit was concluded as soon as possible and reported to full Council, which had originally been scheduled for February 2023.

These adjustments to the 2021-22 Statement of Accounts closing balances had impacted on the 2022-23 opening balances which had required adjustments to the draft pre-audit Statement of Accounts 2022-23. The Council's external audit was scheduled to begin on 31 July 2023 and the approved Statement of Accounts would be reported to full Council in February 2024.

RESOLVED that the Audit Committee:

- a) Gives final approval for the updated Statement of Accounts 2021-22; and
- b) Notes the pre-audit Statement of Accounts 2022-23, prior to approval of the post-audit accounts to an Audit Committee meeting later in the year (yet to be scheduled).

34/23 ANNUAL AUDIT REPORT 2022-23

Members were provided with the Audit Services Annual Report for 2022-

23 and the Head of Internal Audit opinion on the adequacy of the Council's arrangements for governance, risk management and control.

Reasonable coverage of the approved 2022-23 Audit Plan had been provided across a number of the key risk areas, although work in corporate activities and the Children's Services and Place departments had been reduced. Assurance levels across the Council's ICT service had continued to be limited due to the availability of staff within the service to support the reviews.

A small number of school and establishment visits had been undertaken in 2022-23. Caveats had been added to the overall opinion, to recognise the impact of audits not delivered. The outcome of the Audit Performance for 2022-23 was highlighted, with 95% of planned days having been delivered.

In giving an audit opinion, it was noted that assurance could never be absolute and completion of the Audit Plan had been affected by several factors. The results of the work undertaken by Internal Audit during the year, together with other sources of assurance, in the majority of instances supported a satisfactory annual opinion on the Council's framework of governance, risk management and control. However, as some aspects of the Audit Plan could not be undertaken, management failings identified during audit investigations and the reduced audit coverage across elements of ICT systems, some caveats were placed on the overall opinion.

The Committee were informed of how similar limitations could be avoided in 2023-24 and beyond and improvements had already been made in certain areas since the end of 2022-23.

Members once again raised concerns with regard to the lack of engagement from the ICT division and expressed disappointment with the lack of response from some Managers with regard to implementing recommendations following a review. It was also felt that sections within departments were not engaging in the audit process and was there a role for this Committee to play. It was pointed out that the new Head of Internal Audit would relay these discussions in his meetings with Executive Directors, when he was in post.

The Committee was informed that an appointment had been made to the post of Assistant Director of Finance (Audit) and Mark Lunn, the successful applicant would take up this position at the end of July.

RESOLVED that the Audit Committee notes:

- a) The Annual Audit Report for 2022-23 and overall assurance opinion;
- b) The outcomes of the Audit work completed; and
- c) The performance of the Audit Services Unit during this period.

35/23 ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

The Anti-Fraud and Anti-Corruption Strategy outlined the Council's approach to the prevention and detection of fraud and corruption, and it provided a clear set of standards and guidance for all employees, elected members, contractors and residents. The Fraud Response Plan provided direction on how suspected fraud could be reported and provided details on how such reports would be investigated.

A full review had now been undertaken to ensure that these documents accurately reflected the Council's current arrangements and introduced new performance measure by which counter fraud activities could be measured. As part of the review, the Fraud Response Plan had now been incorporated into the Anti-Fraud and Anti-Corruption Strategy to produce a consolidated document.

RESOLVED that the Audit Committee notes that a review of the Anti-Fraud and Anti-Corruption Strategy has taken place and approves the amended policy attached at Appendix 2 to the report.

36/23 CORPORATE RISK MANAGEMENT UPDATE (2022-23 QUARTER 4)

The Committee received an update on current risk management issues and were asked to review the Council's strategic risk register. This report covered updates to the register up to the end of Quarter 4 (31 March 2023).

A few external uncertainties continued to impact on the Council. Notably, the war in Ukraine and broader economic issues affected the Council's financial risk through high interest rates, energy and supply chain costs. Cyber-attack was a constant challenge. Considerable work was ongoing to ensure the Council's data was kept secure and to meet more stringent cyber-security standards. In the meantime, the Council continued to self-insure for cyber risks.

All risks would be migrated to the new APEX risk database by 31 July

2023. For the first time, risk owners would be able to directly input their risk data online, beginning with their Q2 updates by the end of September 2023. Having risk data in APEX also meant that improved performance reports could be provided to senior officers and elected members to improve governance.

A summary of risks on the current strategic risk register was shown in Table 1 of the report and the full register was shown at Appendix 2 of the report, with the Q4 update for each risk highlighted.

RESOLVED that the Committee notes the report.

37/23 **EXCLUSION OF THE PUBLIC**

To move that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

38/23 **TO CONFIRM THE EXEMPT MINUTES OF THE MEETING HELD ON 21 MARCH 2023**

The exempt minutes of the meeting held on 21 March 2023 were confirmed as a correct record.

39/23 **OVERVIEW OF ADULT SOCIAL CARE & HEALTH RISKS**

RESOLVED that the Committee notes the recommendation in the not for publication report.

The meeting finished at 4.43 pm

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