

PUBLIC

MINUTES of a meeting of the **AUDIT COMMITTEE** held on 21 July 2020.

PRESENT

Councillor K S Athwal (in the Chair)

Councillors N Barker, S Brittain, L M Chilton, P Murray and S Swann (substitute Member)

Officers in attendance – D Ashcroft, P Handford, C Hardman, J Lakin and E Scriven (representing Derbyshire County Council) and J Pressley and M Surrudge (representing Mazars)

Apologies for absence were received on behalf of Councillor A Griffiths

Declarations of Interest

There were no declarations of interest

24/20 **MINUTES RESOLVED** that the minutes of the meeting held on 27 May 2020 be confirmed as a correct record.

25/20 **MATTERS ARISING (a) Minute No.10/20 - Budget Monitoring 2019-20 (as at 31 October 2019)** The Director of Finance & ICT informed the committee that funding towards the damage caused by the floods that took place late in the year in 2019 and early 2020 was still awaited from central government.

26/20 **PRE-AUDIT STATEMENT OF ACCOUNTS 2019-20** The Director of Finance & ICT presented the pre-audit Statement of Accounts 2019-20 to the Audit Committee.

In response to the Covid-19 pandemic, the Ministry of Housing, Communities and Local Government had issued revised Accounts and Audit Regulations in respect of 2019-20 local authority accounts. The requirement for the public inspection period to include the first ten working days of June had been removed. Instead, the unaudited accounts of local authorities must be certified by the Director of Finance & ICT and published no later than 31 August 2020, with the public inspection period of six weeks commencing on or before the first working day of September 2020. The publication date for audited accounts, approved by the Audit Committee, had moved from 31 July to 30 November 2020 for all local authority bodies.

The certified pre-audit Statement of Accounts had been submitted to the Council's external auditors, Mazars, on 8 June 2020, the date agreed with external audit and just eight days after the deadline in a normal year.

Under the Local Audit and Accountability Act 2014 (Sections 25 to 28), the Accounts and Audit Regulations 2015 (Regulations 10, 14 and 15) and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, the Council's accounts for the year ended 31 March 2020 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts) had been made available for public inspection from 9 June 2020 to 20 July 2020, Monday to Friday. It was reported that no queries had been received to date.

Mr Handford, Director of Finance & ICT provided an update on the impact that Covid-19 had had on the financial statements and in particular the implications relating to the Pension Fund and property valuations.

To date, no adjustments had been made to the numbers in the core financial statements presented in the pre-audit Statement of Accounts. It was anticipated that approval of the post-audit Statement of Accounts would be sought at the Audit Committee meeting on 22 September 2020. Should further adjustments be identified during the course of the continuing external audit, these would be included in the report presented at that meeting. A copy of the pre-audit Statement of Accounts was appended to this report at Appendix One.

Eleanor Scriven, the Finance Manager, went through the detail of the accounts with the Members and responded to their questions and points requiring clarification. Members were recommended to refer to the narrative report contained in the Accounts as this provided an ideal summary and overview.

On behalf of the Committee, the Chairman thanked Mr Handford and Ms Scriven for their very informative presentation and wished to thank all finance officers for the work they had undertaken, particularly under the current circumstances, in the production of the accounts.

RESOLVED that the Committee notes the content of the pre-audit Statement of Accounts 2019-20 prior to approval of the post-audit accounts at the Audit Committee meeting on 22 September 2020.

27/20 **EXTERNAL AUDIT – AUDIT PROGRESS REPORT** John Pressley and Mark SurrIDGE from Mazars attended the meeting to provide Members with an update on their audit work.

Mr Pressley highlighted a few aspects for Members' attention:

- The deadline for the publication of the audited accounts had moved from 31 July to 30 November 2020 due to the Covid-19 pandemic;
- It was confirmed that the county and pension fund accounts had been received on 8 June 2020 and the audit work commenced from that date and is still on-going. Ms E Scriven and the Finance Team were thanked for their co-operation and support during this time;
- The Covid-19 pandemic had raised a couple of issues relating to the valuation uncertainty with regard to land and buildings and the impact on valuation required in relation to unquoted investments held by the Pension Fund;
- Due to the additional work relating to issues arising from the effect of Covid-19, there would be an additional audit fee pressure.

Mr Surridge highlighted national issues that would have implications on the audit of accounts:

- There were two items that were out of the external auditor's control which would impact on the conclusion of the accounts. Guidance had been issued which indicated that valuers were likely to conclude that there was a 'material uncertainty' over the valuation of land and buildings and an audit opinion would include reference to this;
- An additional guidance note was expected from Cipfa in the next 2/3 weeks relating to the financial implications from Covid-19 with regard to the medium term financial position.

On behalf of the Committee, the Chairman thanked Mr Pressley and Mr Surridge for their update.

RESOLVED that the progress report be noted.

28/20 **INTERNAL AUDIT - STAFFING** At the meeting of the Audit Committee in May, Mr Hardman the Assistant Director of Finance (Audit) informed Members that an appointment had been made to the role of Senior Auditor. However, since that meeting the candidate had accepted the offer of another job elsewhere and had therefore, decided to turn the position down. A further recruitment exercise for the job of Senior Auditor would be undertaken.

On an additional note, Mr Hardman informed Members that it was too early to be able to provide details of the potential impact Covid-19 had had on the Internal Audit work. Planned activity at schools would not have been carried out as initially planned for example, but Mr Hardman would be in a better position to update Members at the next meeting in September.

On behalf of the Committee, the Chairman thanked Mr Hardman for his update. He also wished to thank officers in the IT Department for their participation and assistance in enabling the meeting to take place virtually.