

AUDIT COMMITTEE

12 MARCH 2020

Present: Councillors Rankin (Chair), Levane (Vice-Chair) and Chowney

81. APOLOGIES FOR ABSENCE

Apologies received from Councillors Berelson and Charman.

82. DECLARATIONS OF INTEREST

Councillor	Minute	Interest
Chowney	86.	Personal- Partner has a business with a rateable value below £51,000

83. MINUTES OF THE LAST MEETING

RESOLVED – (Unanimously) that the minutes of the meeting held on the 22 January 2020 be approved.

84. GRANT THORNTON AUDIT EXTERNAL AUDIT PLAN

The Assistant Director Financial Services and Revenues (Chief Finance Officer) presented a report that informed Councillors Grant Thornton, the external auditors, audit plan for the audit of the Council's accounts and Value for Money arrangements. The report from Grant Thornton highlights the risk-based approach to the audit and the main risks they have identified. It also showed the proposed audit fees.

There has since been an amendment to page 6 of the report (page 18 in the agenda report pack). This was under the '*Significant risks identified*' and the risk '*Income from fees, charges and other service income*' Councillors agreed that this report would be updated on the website after the meeting.

Grant Thornton had proposed an increase in fees this year for their work. Since last year there has been previously unforeseen events that would now need attention such as the aftermath of the McCloud Judgement. Grant Thornton would be giving more opinions and greater checks for this amongst other issues.

Councillors asked questions regarding leases. Under new standards the current distinction between operating and finance leases is removed for lessees. Lessees will recognise all leases on their balance sheet as a right of use asset and a liability to make lease payments. Previously some companies were not showing ongoing costs of leases. It is complex piece of work with large amounts of guidance to work through and adds to the large workload of the Finance Team. In general, the council avoids leasing as a form of borrowing. Operational procedures have been changed to reflect this.

Councillors asked questions about materiality and triviality. Some Councillors felt the triviality figures were significant. It was explained that triviality relates to the total

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expenditure of the Council and whether the amounts involved would affect the understanding of the accounts. It was also explained that the council now compiles group accounts, following the establishment of the Housing Company.

RESOLVED (Unanimously)

1. To accept the External Auditor's Audit Plan

Reasons for Recommendations

The Audit Committee, as required by the Constitution, receives and notes the External Auditor's Audit Plan on behalf of the Council.

85. GRANT THORNTON AUDIT SECTOR UPDATE REPORT

The Assistant Director Financial Services and Revenues (Chief Finance Officer) presented a report informing Audit Committee of External Audit progress in delivering their responsibilities and providing a sector update.

The report from Grant Thornton is up to date as of March 2020 which includes the status on each of the key external audit deliverables. The report also includes sector updates.

Councillors asked questions regarding page 8 (page 42 in the agenda report pack). In the table under the early substantive testing, there is reference in conclusions and recommendations to several outstanding queries. Officers were aware of several low-level enquiries but no substantive issues.

Councillors appreciated the number of reviews the report references and the thoroughness of work needed to complete. They were interested in the outcome of the Redmond review.

RESOLVED (Unanimously)

1. That the report be noted

Reasons for Recommendations

As a communication channel for Grant Thornton to inform the Committee on progress in delivering their responsibilities as our External Auditor and to provide a summary of emerging national issues and developments that are relevant to us as a local authority.

86. PROPOSED INTERNAL AUDIT PLAN 2020/21

The Chief Auditor presented a report to inform the Audit Committee of the proposed internal audit plan for 2020/21.

The Chief Auditor advised that the plan had been produced after having consultation with Assistant Directors, Senior Managers and in reference to the Council's agreed priorities. It consists of yearly core audits that need to be done in more depth every 3 years. They have prioritised different areas such as the Syrian refugee programme, the review of Single Person Discount and IT resilience.

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Every service has a recovery plan, but these may need to be adapted given the emerging Corona Virus crisis. Business rate legislation had been changed recently by the government. This means that the bills that are being sent out tomorrow will be incorrect for some. New letters will need to be sent out and we will have to go through the list of businesses and check if they are eligible. The government has agreed to pick up the costs for administering this.

Councillors were asking if the Revenue Support Grant was covering the costs of all activities relating to the administration and collection of business rates and council tax. It was noted that the grant received was also now required to administer the Council Tax Support Scheme and has continued to decrease significantly over the years.

The Chief Finance Officer had been concerned about the level of council tax collection being achieved. There has now been a considerable effort to increase this and new processes and procedures, along with increasing the number of phone calls have been made by the expanded Recovery team in order to help with this. This has increased collections by around £5,000 a week in recent weeks.

RESOLVED (Unanimously)

- 1. That the Audit Committee approves the Internal Audit Plan 2020/21**

Reasons for Recommendations

To ensure that proper financial management arrangements and controls are in place and operating effectively in the Council.

Audit Committee approval of the Internal Audit plan provides clear authority for Internal Audit to discharge the assignments listed therein and enable monitoring of the effectiveness of Internal Audit.

87. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS (IF ANY)

Councillors were notified of activities that had brought in net income of £180,000. Councillors were made aware that there would be no intention to borrow from the Public Works Loan Board until their interest rates were lowered.

(The Chair declared the meeting closed at. 7.14 pm)