



AUDIT & REGULATORY COMMITTEE

Meeting: Thursday, 30 September 2021 at 6.30 pm in Virtual Meeting

Present: Councillor E Thrane (Chair)

Councillors J Collins, O Cross, J Douglas, R Quinn, K Savage and F Sloman

Mr J Scampion and Mr M Thomas (Independent Members) and Councillor Barrow were also in attendance.

22/36 TO APPROVE THE MINUTES OF THE PREVIOUS MEETING
(Agenda Item 3)

With reference to minute 22/01 and the Knowledge & Skills Framework and appointment of Independent Member, a number of completed self assessments had now been received and recommendations around training and development and the appointment of the independent member would be made at the next meeting.

With reference to minute 22/04 and the appointment of the Executive Director of Finance, arrangements were being made for the Appointments Panel to discuss the timeline and appointment process and contingency arrangements were in place should a suitable candidate not be in post by the end of December 2021.

RESOLVED:

That the minutes of the meeting held on 23 June 2021 be approved as a correct record.

22/37 PROGRESS ON THE EXTERNAL AUDIT OF THE ACCOUNTS (ORAL UPDATE FROM GRANT THORNTON)
(Agenda Item 4)

The Committee received an update on progress with the Statement of Accounts from the External Auditor. Although good progress was been made, the audit had been delayed due to covid and a backlog of work and was now due to be presented at the meeting in December. This position was reflected nationally with more than 50% of local authority audits being delayed this year.

RESOLVED:

That the update be noted.

22/38 TREASURY MANAGEMENT UPDATE
(Agenda Item 5)

The Committee scrutinised the Council's Treasury management performance in 2021/22 in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and generally accepted good practice.

A new forecast around interest rates had been received since production of the report, which indicated that an increase to the base rate may be brought forward to June 2022 with an increase of 0.25%, with a further increase to 0.5% the following year.

Investments with Environmental, Social and Governance links (ESG) represent 20% of the portfolio. These investments had been monitored and there had been no new opportunities for investments to be made with different providers. Further information was awaited from Link around the development of an assessment tool for potential investments in terms of its ESG merits, which would be reported to members.

Regarding the council's borrowing, where debt matures, efforts would be made to take any opportunities to reduce the debt portfolio and use internal borrowing where this is cheaper and ensuring it is affordable taking into account risk factors such as a rise in interest rates.

RESOLVED:

That the current Treasury Management position as at 31 August 2021 be noted.

22/39 INTERNAL AUDIT PROGRESS REPORT
(Agenda Item 6)

The Committee considered the Internal Audit Periodic Report 2020/21 as required by the Accounts and Audit Regulations 2015 which requires the council to "undertake and effective internal audit to evaluate the effectiveness of its risk management control and governance processes, taking into account public sector internal auditing standards or guidance."

RESOLVED:

That the report be noted.

22/40 INTERNAL AUDIT ANNUAL REPORT
(Agenda Item 7)

The Accounts and Audit Regulations 2015 require the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management control and governance processes, taking into account public sector internal auditing standards or guidance." In accordance with those standards, the Committee considered the Internal Audit – Annual Report 2020/21, which could be used to inform the governance statement.

With reference to the limited assurance around equalities and diversity, it was noted that this was partly due to a change in responsibility for the function within the council.

RESOLVED:

1. That the Audit Service's 2020/21 year end performance information contained with the report, be noted; and
2. That the opinion on the overall adequacy and effectiveness of the Council's internal control environment be noted.

22/41 ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT
(Agenda Item 8)

The Accounts & Audit Regulations 2015 require the Council to, each financial year, conduct a review of the effectiveness of the system of internal control, and that the findings of this review must be considered by a committee or by members of the authority meeting as a whole. An annual review of the effectiveness of Internal Audit to demonstrate conformance with the Public Sector Internal Audit Standards and Local Government Application Note forms part of this review, and was presented to the Committee for consideration.

It was requested that an explanation of how an audit is actually undertaken to enable members to gain a greater understanding of the process be included as part of the training programme.

RESOLVED:

That the annual review of the effectiveness of Internal Audit for 2020/21 including the Quality Assurance and Improvement Programme and that Internal Audit is operating effectively and can be relied upon when considering the Annual Governance Statement for 2020/21, be noted.

22/42 REDMOND REVIEW UPDATE
(Agenda Item 9)

Concern has been growing within local government (and elsewhere) regarding the effective provision of external audit services. The Committee considered a report on various national reviews affecting local public audit and their implications for the Local Authority as well as updates on options and the timetable for appointing future external auditors set by the Public Sector Audit Authority (PSAA).

The External Auditors made reference to historic issues within the sector affecting both public and commercial audits which need to be addressed.

In response to a question regarding the costs of future audits, members were advised that there needed to be a balance so that fees might increase but the audits would be of better quality, provide a better assessment of value for money and would be done on time.

Some concern was expressed regarding the potentially short period of time for this committee to make a recommendation to Council by February 2022 around the procurement of external audit services, and it was requested that

the views of the Administration, officers and of SMDC around this issue be included in the report to the next meeting of this committee.

RESOLVED:

1. That the progress that the Ministry for Housing, Communities and Local Government (MHCLG) has made in responding to Sir Tony Redmond's review into the effectiveness of external audit and transparency of financial reporting in local authorities be noted;
2. That the proposal for further reports to this committee recommending any changes locally to current audit and governance processes, once MHCLG has finalised its proposed actions nationally be approved;
3. That the need for a recommendation by this committee to Council by Friday 11 March 2022 to formally respond and accept (or decline) the opt-in invitation from Public Sector Audit Authority (PSAA) to join the procurement of bulk external audit services (to be the subject to a separate report) be noted.

22/43 NOMINATION FOR MAYOR 2022/23

(Agenda Item 10)

The Committee considered the selection of the Mayor for the municipal year 2022/23.

RESOLVED:

That at its meeting on 14 December 2020, Council confirm that the Labour Group be invited to make a nomination for the appointment of Mayor of the Borough and Chairman of the Council for the municipal year 2022/23.

22/44 WORK PROGRAMME

(Agenda Item 11)

RESOLVED:

That, subject to the removal of the Treasury Management Statement listed for September, the Work Programme be noted.

The meeting concluded at 7.25 pm

CHAIR