

Minutes of a meeting of the **Audit Committee** held by video link on **Thursday 26 November 2020** at **10.00am** when there were present:

Cllr G K Nurden – Chairman

Cllr N J Brennan

Cllr P E Bulman

Cllr S J Catchpole

Cllr K Leggett, Cllr T Mancini-Boyle and Cllr M Murrell also attended the meeting. Also in attendance were, the Assistant Director Finance (Section 151 Officer), Chief of Staff, Corporate Accountant, Strategy and Programme Manager and the Democratic Services Officers (LA and JO).

Mr D Cooke and Mr M Hodgson of EY were in attendance for item 64 – External Audit Results Report

### **60 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr Crotch, Cllr Holland and Cllr K Vincent.

### **61 MINUTES**

The Minutes of the meeting held on 22 October 2020 were confirmed as a correct record, subject to the correction of a small typographical error.

### **62 MATTERS ARISING**

#### *Minute No: 54 – Matters Arising*

In response to a query from the Chairman regarding online training for Members on Risk Management and Cybercrime, the Assistant Director Finance advised the Committee that he would confirm when this would be available and update the Committee following the meeting.

It was also confirmed that negotiations regarding EY fee levels for 2019/20 had been referred up to Public Sector Audit Appointments. There was no indication at present of when a decision on this matter would be made. A national consultation on audit fee levels was currently taking place. The Council would be making its response in early December.

#### *16 July 2020 – Minute No: 43 – Draft Statement of Accounts 2019/20*

The Chairman advised the Committee that the note on officer remuneration, which was outstanding when the Committee reviewed the draft Accounts on 16 July, was now included in the Accounts (page 75 in today's Agenda). The Chairman requested that the note was amended to also show the cost to BDC. The Assistant Director Finance agreed to review this note to see if it could be updated to include this additional information prior to being signed off.

Since the draft Accounts it was noted that the Norfolk Pension Fund liability had seen a decrease of £231,000, as a result of the remedy proposed to deal with the McCloud judgement on public sector pension reforms.

The Chairman thanked the Assistant Director Finance and the Corporate Accountant, for putting together an informal Member briefing on the accounts system and how the Statement of Accounts were compiled.

The Chairman also thanked officers for making the corrections that he had pointed out in the Statement of Accounts at the 16 July 2020 meeting.

At that meeting the Chairman had asked for detail of how £650,000 interest had been accrued and the meeting was advised that was made up of £420,000 in externally managed funds, £67,000 redemption from the same source, £89,000 was in loan accruals and the rest was derived from fixed term investments.

In respect of the requested amendment to the Statement of Accounts to make clearer how the adjustment between Accounting Basis and Funding Basis of £1,348,000 had been reached, the Assistant Director Finance drew Members' attention to the table on page 33 of the Agenda, which showed the deficit on provision of services of £487,000.

Regarding the breakdown of the Net Cost of Services by Service Category, the Corporate Accountant responded that the movements between years were as a result of the rearrangement of reporting lines based on the new structures within the Council, but that this had made no significant differences in terms of service or operational delivery.

### **63 FINAL STATEMENT OF ACCOUNTS 2019/20**

The Corporate Accountant presented the Final Statement of Accounts to the Committee and advised the meeting that since the draft statements the following changes had been made - the net liability for the pension fund had reduced to £24,080,000.

The debtor and creditor balances had been corrected, in order to correct an item that had been miscategorised. This had not affected the overall Balance Sheet position. Additional narrative had been added in respect of 'Going Concern' to take account of the impact of COVID-19.

#### **RESOLVED**

To approve and delegate authority to the Chairman of the Audit Committee and the Assistant Director Finance to sign off the Final Statement of Accounts 2019/20, subject to any minor adjustments recommended by the External Audit.

### **64 EXTERNAL AUDIT RESULTS REPORT**

Mark Hodgson presented the EY External Audit Results to the Committee and informed the meeting that for 2019/20 the External Audit materiality level had been set at £940,000.

He advised the meeting that the audit had been affected by the pandemic with much of the Audit Plan being undertaken remotely. No fraud, error or management override of controls had been detected. Nor had any issues been identified with the Council's property, plant and equipment valuations.

As already noted earlier in the meeting, there had been a reduction of £231,000 in the Council's Pension Fund Liability, due to the McCloud judgement.

In the light of the uncertainty due to COVID-19 a range of procedures to challenge management's assessment in relation to Going Concern had been utilised and no material uncertainty had been detected.

Under the Value for Money audit, no significant risks had been identified and an unqualified conclusion could be given.

It was confirmed that there were only minor amendments to be made to the Statement of Accounts and that they should be ready for publication on Monday 30 November 2020.

The Assistant Director Finance noted that it had been a very difficult year for conducting audits and the Chairman thanked all concerned for their work in completing the audit.

### **RESOLVED**

To note the External Audit Results report and to agree to provide a management letter of representation in respect of the Financial Year 2019/20, signed by the S151 officer and the Chairman of the Audit Committee

## **65 REVISED DRAFT RISK REGISTER**

The Strategy and Programmes Manager introduced the report, which presented an updated Strategic Risk Register, which took into account the comments made by the Audit Committee at its meeting on 22 October 2020. These included; adding additional risks on the environment and economy and updating the 'progress on actions' column to provide a fuller picture of key activities being undertaken. Members were asked to note that operational risks would be managed by Assistant Directors, but could be escalated to the Strategic Risk Register if considered necessary.

Once agreed the Strategic Risk Register, would be included in future quarterly performance reports to Cabinet and would be considered by the Audit Committee three times a year.

The Chairman suggested that risk 13, (The Council is unable to respond effectively to the environmental challenges, including the associated regulatory and legal requirements, arising from climate change) should include changes to Government Policy, such as bringing forward the phasing out of diesel cars and the implications for rolling out more electric vehicle charging points. The Chief of Staff advised the meeting that this would be covered under regulatory and legal requirements, but further clarification of this could be included within the risk description.

### **RESOLVED**

To note and approve the Strategic Risk Register for the Council.

**66 WORK PROGRAMME**

The Committee noted the Work Programme.

The Chairman suggested that the March 2021 meeting had a very full agenda. The meeting was advised that there was likely to be a meeting between March and July where some of the items scheduled for March could be considered.

*The meeting closed at 10.59am.*

DRAFT