

## **AUDIT COMMITTEE**

### **Virtual Meeting held on Monday, 1st February, 2021 at 7.00 pm**

**Present:** Councillor David Walters in the Chair;

Councillors Jim Blagden, Christian Chapman,  
Arnie Hankin and Dave Shaw.

**Apology for Absence:** Councillor John Baird.

**Officers Present:** Bev Bull, Lynn Cain, Ruth Dennis,  
Joanne Froggatt, Peter Hudson and Mike Joy.

**In Attendance:** David Hoose (Mazars),  
Hannah McDonald and Mandy Marples (CMAP).

#### **AC.24 Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests**

No declarations of interest were made.

#### **AC.25 Minutes**

RESOLVED

that the minutes of the meeting of the Committee held on 30 November 2020,  
be received and approved as a correct record.

#### **AC.26 Mazars: Annual Audit Letter - Year Ending 31 March 2020**

David Hoose, Mazars Engagement Lead, presented the Annual Audit Letter for 2019/20. The Letter provided a summary of the work undertaken by Mazars as the auditor for Ashfield District Council for the year ended 31 March 2020. The overall conclusions were positive and pleasing.

The two significant risks, having been evaluated, had not identified any material errors or uncertainties in the financial statements, or other matters that needed to be brought to Members' attention.

In relation to the auditor's report, Members acknowledged that it had been modified to include an 'emphasis of matters' paragraph, which drew attention to the fact that Covid-19 had contributed to 'material valuation uncertainty' in the valuation of the Council's land & buildings and investment properties and in the Council's share of Nottinghamshire Pension Fund's property assets. The 'emphasis of matters' paragraph was consistent across Nottinghamshire Councils and beyond.

The Value For Money (VFM) conclusion had also resulted, in all significant respects, that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

RESOLVED

that the Annual Audit Letter for the year ended 31 March 2020, as presented to Committee, be received and noted.

#### **AC.27 Mazars: Audit Strategy Memorandum - Year Ending 31 March 2021**

David Hoose presented the Audit Strategy Memorandum for the year ending 31 March 2021 to Committee which gave an overview of the audit's scope and responsibilities, timelines and methodology for the coming financial year.

Three significant audit risks in relation to Management Override of Controls, Defined Benefit Liability Valuation and Valuation of Property, Plant and Equipment were noted as being the same as the previous year with no new risks being added for consideration.

In relation to the Value for Money (VFM) risk assessment, a new Code came into force on 1 April 2020. From 2020/21 onwards and unlike the requirements of the 2015 Audit Code, Mazars would no longer be required to report in the form of a conclusion on arrangements.

Under the new Audit Code, it would be expected that a report and recommendations would be made to the Council as soon as any significant weakness in arrangements were identified, as opposed to reporting the conclusion on arrangements at the end of the audit cycle as has previously been the case. The work would now be focussing on three criteria specified in the revised Audit Code, namely financial sustainability, governance and improving economy, efficiency and effectiveness.

Committee acknowledged the proposed audit fees, as outlined in the report, which reflected the additional work to be undertaken in the 2020/21 financial year.

RESOLVED

that the Audit Strategy Memorandum for 2020/21, as presented to Committee, be received and noted.

#### **AC.28 Capital Strategy**

Committee were requested to consider the refreshed Capital Strategy for 2021/22 as presented. Members acknowledged the key change in that the current capital programme (to be approved February 2021) did not include any plans for further commercial property investment with the last acquisition being made on 2nd April 2020 and the revised (lower) Public Works Loans Board (PWLB) rates available to those Councils not pursuing debt for yield investment strategies.

RESOLVED that

- a) the contents of the Capital Strategy for 2020/21 including Annexes 1-3; as presented, be received and noted;
- b) Cabinet and Council be recommended to approve the Capital Strategy, Commercial Property Investment Strategy and Commercial Property Indicators, as outlined in the report.

#### **AC.29 Treasury Management Strategy**

Committee were asked to consider the Treasury Management Strategy for the 2021/22 financial year, as presented and to note the operational boundaries and prudential indicators and the minor change in relation to the addition of allowing loans to third parties.

RESOLVED that

- a) the content of the Treasury Management Strategy (TMS) for 2021/22, as presented, be received and noted;
- b) Cabinet be recommended to approve the Treasury Management Policy Statement which incorporated the following:
  - Treasury Management Strategy Statement (TMSS)
  - Borrowing Strategy
  - Annual Investment Strategy
  - Minimum Revenue Provision (MRP) Policy;
  - Prudential Indicators and Treasury Management Indicators
  - Treasury Management Practices: Risk Management.

#### **AC.30 Corporate Risk Update.**

The Assistant Director, Corporate Services and Transformation presented the Corporate Risk Register, Corporate Risk Strategy and following a review by the Council's Internal Audit provider, the revised Risk Appetite Framework used to identify, assess and monitor risk at a corporate level.

Committee considered the methodology of the new Risk Appetite Framework which defined risk appetite together with a statement relating to the Council's position on its openness to risk. The framework also incorporated a risk rating score matrix which identified the level at which the risk would need to be monitored.

To conclude, Members discussed the current risk position and the impact on risk caused by the Covid pandemic. Areas of increased risk included universal credit and subsequent collection/enforcement of rent payments, increasing levels of rent arrears within the Housing Revenue Account (HRA) and the ongoing solidity of the Council's commercial investment portfolio.

RESOLVED that

- a) the Corporate Risk Register and progress against current corporate risks including significant items, as presented, be received and noted;

- b) the updated Corporate Risk Strategy and new Risk Appetite Framework be endorsed prior to Cabinet approval;
- c) the Assistant Director, Corporate Services and Transformation be requested to consider the possibility of earmarking risks within the Risk Register to indicate which areas are within the Council's control to mitigate against and which are more affected by outside influences i.e. Central Government.

The meeting closed at 8.04 pm

Chairman.