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AUDIT COMMITTEE

Date and Time: Tuesday 7 December 2021 at 7.00 pm

Place: Council Chamber

Present:

Axam (Chairman), Blewett, Crookes, Davies, Farmer and Southern

In attendance: Councillor Wildsmith
Councillor Butcher
Kevin Suter, Ernst & Young
Chandrika Sharma, Ernst & Young

Officers: Emma Foy, Head of Corporate Services & S151 Officer
Joanne Innes, Audit Manager
Rebecca Borrett, Committee Services Officer

17 MINUTES OF THE PREVIOUS MEETING

A Member raised the following issues in relation to the Minutes of the meeting held on 27th July 2021:

Item 13: INTERNAL AUDIT PROGRESS REPORT Q1 2021/22

- Completion Dates - The plan should show expected completion dates. Officers confirmed in the updated version of Modern.Gov the completion dates were included.
- Summary report - Officers confirmed that a summary of the report needs to be provided and clarified this does happen in various individual areas. Officers suggested the members of the audit Committee be provided with a map which shows which parts are tested and where so members can clearly see where they are providing assurance over the information Overview and Scrutiny reviews.
- Shapley Heath costs - The member believed that it had been agreed that an audit of the Shapley Heath budget costs would be provided to the December Audit Committee and the minutes of the July meeting should have reflected this.

Item 14: LOCAL CODE OF CORPORATE GOVERNANCE

- Monitoring of the Agile Working Policy - The Head of Corporate Services reconfirmed the controls in place for monitoring performance with regard to officers working away from the office included:
 - A performance development guide.
 - An agile working policy, agreed the group leaders.

- Training provided to managers by COVID on managing staff remotely;
- Performance monitoring which feeds in then through the service boards;
- 121's and weekly catch ups to make sure that targets are set and that work in managed to ensure that performance is delivered;

The Minutes of the meeting held on 27 July 2021 were not signed and will be reviewed by the Chairman to then sign.

18 APOLOGIES FOR ABSENCE

No apologies received.

19 DECLARATIONS OF INTEREST

No declarations made.

20 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that Item 5 and Item 6 of the agenda would be swapped to take the audit results report before the Annual Governance Statement item.

21 AUDIT RESULTS REPORT 2020/21

Ernst and Young presented the draft audit report for the year ending 31st March 2021. Whilst in draft form it was nevertheless substantially completed albeit that there was an objection to the accounts that had still to be resolved. Therefore, while all the conclusions presented were as set out in the report, they remain preliminary and subject to the completion of the assessment of the objection.

Members discussed the following issues:

- Section 106 trigger points and invoicing.
- The implications of issues associated with matters arising from the objection relating to Shapley Heath and its relationship with the proposed Shapley Heath internal audit (Item 9 on the Agenda).
- The timetable for completing the 2021/21 Audit Results Report (likely to February).
- The publication of the Council's accounts - to date there was nothing of significance or mistakes being made in the accounts. Therefore, the accounts could be published but pending resolution of the objection they cannot at this time be signed as fully approved.
- The implication arising from the suggested undervaluation of property plant and equipment – the auditors clarified this particular point was put in to bring to attention that there is a slight difference between the judgment of the external valuer and how these assets should be valued. It could

have some impact in the future, however, for this financial year, it has not led to any uncorrected or corrected misstatements..

- The relationship or implications of the objection for signing off the Annual Governance Statement - work around the objection may raise some additional points that the Council may wish to include within the Annual Governance Statement which goes alongside the final statement of accounts.
- An update on a difference of approximately £120,000 currently being reviewed for the indexation of the relationship settlement between Hart and Basingstoke Council on the shared waste contract. The Head of Corporate Services confirmed that the difference arose due to some income and credit notes unfortunately being mis transcribed.

22 ANNUAL GOVERNANCE STATEMENT 2020/21

Members discussed the merits of deferring approval of the Annual Governance Statement until the conclusion of the assessment objection to the Audit Results Report 2020/21. It was agreed that the governance statement gave some clarity to how the Council managed its operations, and it was agreed in the interest of transparency and effective engagement with residents that for 2021 the governance was adequate.

Members questioned if Key Performance Indicators (KPI's) were being monitored by Overview and Scrutiny Service Panels (specifically with regard to matters associated with the waste contract). It was confirmed that monitoring of the waste contract was being carried out by the Corporate Service's Panel.

DECISION

The Annual Governance Statement for 2020/2021 was approved subject to the conclusion of the objection to the Audit Results Report 2020/21.

23 STATEMENT OF ACCOUNTS AND LETTER OF REPRESENTATION

The Head of Corporate Services explained the statement of accounts available if members would like to raise any questions or queries or required explanations.

Members

- Requested clarification referring to an impairment charge with respect of the leisure centre and the consequential impact of expenditure. The Head of Corporate Services confirmed revaluation upwards will in effect decrease expenditure, revaluation downwards will increase expenditure.

- An update on the potential of any New Homes Bonus (NHB). The Head of Corporate Services confirmed the local government settlement should be available soon and would be presented to a members Budget Seminar.
- Information on an underspend in Environmental and Technical Services – was it over costed or an efficiency saving. The Head of Corporate Services confirmed this related to capital spend and in 2020/21 capital spend was significantly under budget, largely due to the impact of the COVID pandemic and the ability to spend the money. All of the underspends were requested for carry forward through the outturn report which will come through Overview and Scrutiny in June or July, so that funding can be rolled forward into the next financial year.
- Clarification on the difference between the report on page 7 and the difference from the report that was considered by Overview & Scrutiny and Cabinet. The Head of Corporate Services explained since Cabinet, all audit adjustments had now been added.
- Questioned what the final COVID compensation amount was. The Head of Corporate Services advised the final confirmation for the last quarter was still awaited. A claim had been made but a reply from the Department of Levelling Up, Communities and Housing was awaited.

24 INTERNAL AUDIT PROGRESS REPORT Q2

The Internal Audit Manager updated the Committee on Internal Audit work carried out between July 2021 and October 2021.

Members

- Asked how the Complaints Audit linked to the request that came to Overview and Scrutiny for a working party to look at complaints
- Questioned Planning Performance due in March, and how that may relate to other work that is going on, looking at Development Management in particular in terms of KPI's. The Internal Audit Manager advised the audit scope has just been agreed and has a very specific scope for the audit, looking at once an application is processed how it is monitored and how management within the planning services review those and review the actual process to ensure they are working to timescales and if not, why not.
- Asked if there were any plans to do an internal audit on the management of rising energy costs. The Internal Audit Manager advised it would be reviewed in preparing next year's audit plan.
- Asked if the audit report looking at Housing Benefit should look specifically at the issue of overpayments. The Head of Corporate Services agreed that the issue would be discussed with the 5 Councils contract client manager.

DECISION

The Internal Audit work completed between July 2021 and October 2021 was noted.

25 CONSIDERATION OF ADDITIONAL AUDIT WORK - SHAPLEY HEATH GARDEN COMMUNITY PROJECT

Members discussed the need for a comprehensive and independent audit to be carried out to give assurance on many aspects of this project. It was estimated to cost approximately £12,000 and would be funded from recent funds received from the Central Government New Burden programme. The commissioning of this work would require a procurement exercised to be carried out.

Members questioned the timeframe the audit would cover and were informed it would be from 2018/19 at the time when spending costs started to be incurred.

DECISION

Members of the Committee approved an additional independent internal audit of up to 15 days procured by the Audit Manager based on the scope suggested in Section 4 of the report.

26 UPDATE ON IMPLEMENTATION OF THE CIPFA FINANCIAL MANAGEMENT CODE

The Head of Corporate Services updated members of progress to date for every action, with a number being dealt with as part of the Medium Term Financial Statement (MTFS). In addition, Numbers 8 and 10 are to be dealt with through the corporate planning process.

Members questioned when updates would be provided to the Audit Committee.

The Head of Corporate Services confirmed updated version of the report would be provided at each Audit Committee going forward.

DECISION

The report was noted.

The meeting closed at 8:26 pm