

MINUTES OF THE AUDIT PANEL

Wednesday, 4 November 2020 at 7.00 pm

PRESENT: Councillors James Rathbone, Joan Millbank, Alan Hall, Sophie Davis, Carole Murray, Ian Pleace and Stephen Warren

ALSO PRESENT:

Apologies for absence were received from Councillor Paul Maslin and Councillor Susan Wise.

1. Declarations of Interest

No interests were declared.

2. Minutes

Item 5 of the minutes "internal audit" to be amended to "external audit".

It was clarified that actions in the minutes recorded to be due for reporting at the "next meeting" that this is meant as the next quarterly meeting.

The minutes were agreed as an accurate record of the meeting

3. External Audit

Grant Thornton (GT) presented this item and gave a summary of the reports, main audit findings, pension fund report and the addendum as set out in the agenda.

There had been movement from the draft submitted to audit to the final position. Last year, GT reported weaknesses in terms of the "cut off" and the Council's ability to ensure that cut off had been applied appropriately so that the transactions for the correct year are recorded appropriately.

GT extrapolated the error found, and are pleased the extent of the error was not material to the statements.

There were some issues found with the valuation of surplus assets in that they were not revalued. Additional reports were carried out and adjustments had been undertaken and reflected in the updated accounts.

There were a number errors in the financial statements for this year, more than the comparable boroughs. There was an improvement from the prior year but there is still work to be done.

Management correctly disclosed within the statements that valuations for property funds and recruitment are subject to material valuation uncertainty, due to the impact of COVID-19. It has slowed the property market down and GT agree with the disclosure and deemed it worth highlighting.

GT conclude that there were no material errors within the financial statements.

The Council had taken into account the financial impact of COVID-19 and reported on it.

GT conclude there is no material impact in the Council's plans in the 12 months

to come.

Recommendations were agreed with Management and set out in the report. In terms of value for money, GT did not find anything that is material in the arrangements that have been put in place as analysed in the report. The pension fund audit findings report outlined the same material uncertainty, in terms of the pension liabilities. Management has appropriately disclosed the uncertainty to GT's satisfaction.

Independent Members commented that it was relevant to the Council and officers to consider whether or not it is a non-trivial issue to sign off on the error extrapolated by GT, considering the cost of £6.6m.

In discussing the statement of accounts it was asked about the variances in the CYP directorate and the contribution of housing capital receipts in the government pool. It was responded that the variance is because the housing capital receipts show repayments from the prior year made in the current year. Revaluation impairments going into CYP rather than actual spend.

The report was noted.

4. Response to Grant Thornton's Audit Findings Reports

The Acting Group Finance Manager presented this report.

The officer responses were set out in the report.

The public inspection took place between August and September. There were no objections to the accounts. Enquiries were responded to, any outstanding enquiries from the public and in process of being responded to.

The Panel also further discussed the extrapolation.

Action: officers to report further, evaluating the extrapolation found by Grant Thornton, in as much detail as they deem necessary. Independent Members suggested this matter be resolved to the satisfaction of Members. Officers agreed to send the report via email.

Action: a more considered response with specific actions, responsibilities and target dates be brought to the next Panel.

The report was noted.

5. Exclusion of Press and Public

RESOLVED that the report be noted.

6. Progress with Audits of Concern

The Director of Corporate Resources presented this report.

The report highlighted the three items the Panel requested come to this meeting where there were concerns about the level that recommendations were not followed through on a timely basis, namely Accounts Receivable and Debt Recovery, Client Contributions for Care Provision and Payments to Childcare Providers and Foster

Carers for Looked After Children.

Action: The update concerning Children and Young People could not be given at this meeting due to IT issues, and will be presented at the next meeting

Action: Officers to report on vacation rule for Oracle Cloud and update Panel on user set-up.

RESOLVED the report was noted