

## AUDIT COMMITTEE

Minutes of the meeting held on 29 March 2022 commencing at 7.00 pm

Present: Cllr. McGarvey (Chairman)

Cllr. Morris (Vice Chairman)

Cllrs. Barnes, Kitchener, Osborne-Jackson, Pender and Williamson

Apologies for absence were received from Cllrs. Brown and London

Cllr Dickins was also present via a virtual media platform.

### 37. Minutes

Resolved: That the Minutes of the meeting of the Audit Committee held on 25 January 2022 be agreed and signed as a correct record.

### 38. Declarations of Interest

There were none.

### 39. Actions from Previous Meeting

There were none.

### 40. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations (if any)

There were none.

### 41. Member Development - Risk Management

The Audit Manager gave a presentation and briefing for Members on Risk Management.

Resolved: That the Member development be noted.

### 42. Statement of Accounts 2020/21

The Head of Finance gave a report on the Statement of Accounts 2020/21 and advised that although it had been a difficult year, the draft accounts had been presented by the 31 July 2021 deadline. Auditors now faced difficulties with new stricter legislation and regulations which place more pressure on Local Authorities

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Finance Teams to produce accounts on time, and the problems that the auditing industry now face with high turnovers of Auditing staff. Following the report of the National Audit Office 2020, these issues were now being addressed with key audit guidance for Audit Committee's and incentives for audit recruitment.

He reported that on 25 August 2021 the working group worked through the accounts in detail to review the annual statement of accounts, to approve the statutory statement of accounts and to consider the external auditors' report. It was requested by Members that minutes of meetings should be produced and circulated quickly after the meeting and not withheld until just prior to the Audit Committee meeting.

The Head of Finance thanked Grant Thornton for all their hard work in auditing the 2020/21 accounts throughout a difficult year.

The Chairman welcomed Paul Cuttle and Samantha Morgan from the Council's External Auditors, Grant Thornton, to the meeting. Paul explained their conclusions when considering the audit findings and advised Members that all their substantive work had now been completed. He reported that once the capital expenditure notes had been agreed and the signed letter of representation was received, Grant Thornton would be in a position to issue an unqualified audit opinion.

He outlined some of the key judgements from the report. These included the material uncertainty in relation to the valuation of certain assets and it was concluded that the audit opinion should include specific wording as an "Emphasis of Matter" paragraph within their audit opinion.

He gave a brief report on the other audit risks that had been identified in which tests had been carried out and conclusions provided. In particular, amendments had been made to the draft financial statements for the valuation of the Burlington Mews Properties and its accounting treatment which resulted in significant changes to the draft financial statements published in July 2021. Other surplus assets also required some amendments.

He also advised that extensive audit work was carried out on the 2020/21 Covid grants due to its various conditions and the accounts were therefore adjusted.

A question was raised regarding the Grant Thornton fees and the Grant Thornton representative gave a breakdown of the 2019/20 and 2020/21 fees. It was confirmed that the fees would be discussed in more detail at the next meeting.

The Chairman asked the Head of Finance and Paul Cuttle if the accounts would be published by the 30 November 2022 deadline and it was confirmed that this deadline was unlikely to be met due to the constraints on resources due to the 'knock-on' effect of the previous year's delay. The Head of Finance advised that the auditors would be working on site this year which would benefit the completion of the audit. The Chairman was concerned that audits were now taking longer and hope the situation would ease in the future.

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Resolved: That

- a) Following completion of the 2020/21 audit, delegated authority be given to the Deputy Chief Executive and the Chief Officer Finance and Trading and the Chairman of the Audit Committee to sign the Statement of Accounts 2020/21; and
- b) Following completion of the 2020/21 audit, the Letter of Representation be approved.

### 43. Internal Audit Progress Report 2021/22

The Audit Manager presented the quarterly update report which was part of regular reporting to the Audit Committee on Internal Audit progress and outcomes. She advised that after reviewing the current audit plan, one change was proposed to defer the asset management review until 2022/23. This was due to the implementation of a new system which needed time to be embedded and for Audit to assess the effectiveness of the new controls.

Resolved: That the report be noted.

### 44. Internal Audit Plan 2022/23

The Audit Manager presented the proposed Internal Audit Plan for 2022/23. She explained that the format of the audit plan has been changed with two lists, one high priority where all the audits would be completed and a second list of medium priority audits of which over 50% would be delivered depending on risk factors. This would form a flexible approach to the annual plan and would align the audits to the level of risk posed to the authority.

Resolved: To approve the Internal Audit Plan 2022-23, as set out in Appendix A to the report

### 45. Strategic Risk Register Covering Report

The Audit Manager presented the Strategic Risk Register Report.

Resolved: That the report be noted.

### 46. Chairman's Audit Committee Report to the Council

The Chairman presented the Chairman's Audit Committee Report to the Council. He advised that he had recently attended the first South East Regional Forum of Audit Chairmen and reported that upon speaking to delegates, many Chairman's reports were only presented annually to Council and stated that the presentation of quarterly Audit Committee reports to Council at SDC raised the profile of the authority. He thanked the Members for their support and the Chief Officer Finance & Trading for drafting the report.

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### 47. Work Plan

Members were advised that the External Annual Audit Plan 2021/22, External Auditors Annual Report and the External Audit, Housing Benefit Subsidy 2020/21 would be moved to the next meeting in July.

Paul Cuttle would also attend to present the Members Development Briefing - External Audit.

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.20 PM

CHAIRMAN