

At a meeting of the Audit Committee held in Council Chamber, Allerdale House on Wednesday 27 October 2021 at 2.00 pm

Members

Councillor Alan Tyson (Chair)
Councillor Markus Campbell-Savours
Councillor Paul Scott

Councillor Mary Bainbridge (Vice-Chair)
Councillor Joe Sandwith

Apologies for absence were received from Councillor Patrick Gorrill, Councillor Vaughan Hodgson and Councillor George Kemp

Staff Present

B Lennox and C Nicholson

Also Present

R Anderson and G Kelly

239. Minutes

The minutes of the meeting held on 13 September 2021 were approved as a correct record.

240. Declaration of Interests

None declared.

241. Questions

None received.

242. Annual Governance Statement 2020/21

The Audit, Risk and Assurance Manager presented the 2020/2021 Annual Governance Statement (AGS) setting out the governance arrangements and the system of internal control which had operated during 2020-21 and up to the date of approval of the financial statements.

The authority was required to produce an Annual Governance Statement to demonstrate that it had effective internal controls and sound governance arrangements in place throughout the financial year. Additionally, the Council was required to continuously review these arrangements and to ensure that the arrangements were considered annually by an appropriate body of the Council. The Statement, which met statutory requirements, had been produced in compliance with proper practices, giving regard to relevant professional guidance.

The Council had in place established governance arrangements which were consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives

(SOLACE) Framework - Delivering Good Governance in Local Government. It had adopted a Local Code of Corporate Governance, which was publicised on the Council website.

The purpose of the AGS process was to provide a continuous review of the organisation's governance arrangements so as to give assurance on the effectiveness of the process and/or to address identified weaknesses, supporting the continuous improvement of the authority. The finalised AGS would be published on the Council's website along with the statement of accounts.

The Audit, Risk and Assurance Manager advised members of some amendments to the current AGS, including an updated position on Local Government Reorganisation in Cumbria, Council's approval of some measures to strengthen the current model of governance and additional clarity in relation to consideration of internal audit recommendations.

Agreed

That the contents of the Annual Governance Statement 2020-21 be approved.

243. Audited Statement of Accounts 2020/21

The Senior Manager – Finance presented the Authority's 2020-21 audited statement of accounts. The Committee was reminded that the Accounts and Audit (England) Regulations 2015 (SI 2015/234) (the Accounts and Audit Regulations), as amended, required the Authority to prepare a statement of accounts for each financial year in accordance with proper practices in relation to accounts, and the responsible financial officer (the s151 Officer) to certify that the accounts presented a true and fair view of the financial position of the Authority at the end of the year to which it related and of its income and expenditure for that year.

Prior to approval of the audited statement of accounts by members, the Accounts and Audit Regulations required the responsible financial officer to re-certify that the statement of accounts presented a true and fair view of the Authority's financial position and financial performance.

In response to the recommendations of the independent Redmond Review into the Oversight of Local Audit and Transparency of Local Authority Financial Reporting, The Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) had made a number of amendments to the Accounts and Audit Regulations. These changes, which applied to the statement of accounts for financial years 2020-21 and 2020-22, included:

- extending the deadline for principal local authorities to publish their audited statement of accounts and supporting documents, from 31 July to 30 September following the end of financial year to which the accounts relate, and
- by amending the requirements relating to the period for the exercise of public rights, extending the deadline for principal local authorities to publish their unaudited statement of accounts and supporting documents from 31 May to 31 July.

The Authority's statement of accounts for 2020-21, prepared in accordance with proper practices in relation to accounts, are included in Appendix 1 to this report. Proper practices are defined in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146) (as amended) and primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21, supported by International Financial Reporting Standards (IFRS).

In accordance with the timetable set out in the Regulations, the Authority's unaudited statement of accounts for 2020-21 were certified by the s151 Officer (Chief Officer - Assets) and authorised for issue on 29 July 2021 and were then subject to external audit by Grant Thornton LLP. Following completion of the audit, the audited statements were re-certified by the s151 officer on 27 October 2021.

The Chief Officer - Assets and senior finance staff had worked with Grant Thornton to address matters raised during the audit process and, where necessary, had made amendments to the Authority's statement of accounts in advance of their publication.

The audited statement of accounts presented to the Committee incorporated all agreed amendments to the unaudited statement of accounts authorised for issue and submitted for audit on 30 July 2021.

Resolved

That the Statement of Accounts for 2020/21 be approved.

244. Audit Findings Report

Gareth Kelly and Richard Anderson of Grant Thornton UK LLP, external auditors, presented the audit findings report for 2020/2021 to the Committee.

The Committee was advised that the financial statements had been produced to a very high standard and that no significant weaknesses had been identified. Subject to some outstanding queries being resolved, the auditors anticipated issuing an unqualified audit report.

No significant risks had been identified in the financial statements produced. The auditors had challenged the authority's valuer on why they considered a material valuation uncertainty existed for certain asset categories such as retail and car parks.

Value for Money work had not yet been completed, however, the work to date had not identified any significant weaknesses in that area.

In respect of matters in relation to related parties, the auditors commented that some councillors had not submitted their related party transaction declarations, therefore management had had to rely on other sources of information to ensure that no transactions required declaration in account. It was therefore recommended that Council should ensure declarations were received from all

councillors prior to publication of the draft accounts. The Committee suggested that this point should be emphasised to all councillors.

Members noted the content of the report.

245. Letter of Representation 2020/21

The Senior Manager – Finance presented to the Committee the Letter of Representation made in connection with the audit of the Authority's 2020- 21 statement of accounts.

Auditing standards required the auditor to obtain, from management, audit evidence in the form of written representations and ensure that those charged with governance were aware of the representations on which the auditor intended to rely in expressing the auditor's opinion on the financial statements, by communicating to those charged with governance, the written representations which the auditor had requested from management.

Items included in the Letter of Representation included confirmation:

- that the Authority had no plans or intentions that may have affected the carrying value of its assets or liabilities
- that the methods, data and significant assumptions used in making accounting estimates and their related disclosures were appropriate to achieve recognition, measurement or disclosure that was reasonable in the context of the applicable financial reporting framework
- that related party relationships and transactions had been appropriately accounted for and disclosed
- that all events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code required adjustment or disclosure had been adjusted or disclosed
- that the statement of accounts should be prepared on a going concern basis.

Resolved

1. That the 2020-21 Letter of Representation be approved
2. That the Chief Finance Officer be authorised to sign the Letter of Representation on behalf of the Council.

The meeting closed at 3.45 pm