

At a meeting of the Audit Committee held in Zoom Virtual Meeting on Tuesday 24 November 2020 at 2.00 pm

## **Members**

Councillor Alan Tyson (Chair)  
Councillor Markus Campbell-Savours  
Councillor Adrian Kirkbride

Councillor Mary Bainbridge (Vice-Chair)  
Councillor Janet King

Apologies for absence were received from Councillor Carole Armstrong and Councillor Vaughan Hodgson

## **Staff Present**

L Jardine, B Lennox, C Nicholson and S Sewell

## **Also Present**

R Anderson and G Kelly

### **193. Minutes**

Councillor Campbell-Savours asked a question over the accuracy of Minute 143 – which referred to minute 78.

The Monitoring Officer confirmed that a written response was not provided but that a meeting was held with Councillor Campbell-Savours and the S151 officer.

The minutes of the meeting held 29 September 2020 were signed as a correct record.

### **194. Declaration of Interests**

None declared

### **195. Questions**

None received

### **196. Assurance, Risk and Audit Report for the Quarter Ending 30 September 2020**

The Assurance, Risk and Audit (ARA) Officer presented the Assurance, Risk and Audit Report for the Quarter ending 30 September 2020.

Members were advised that the 78% performance percentage is above target of 73.12%, despite supporting additional work due to Covid-19. Due however to a vacant manager post and an internal secondment to another department the Audit team has lost a considerable amount of days.

Due to the reduction in days members were advised that following assurance reviews will not be completed in 2020/21.

- Risk Management
- Ethics and Culture
- GDPR

The decision to not complete the above was made following a risk-based approach. Both the Risk Management and Ethics and Culture were also not scheduled to be full reviews.

The assurance activities for the quarter focused on the completion of the Financial Services and Ethics and Culture reviews. It was clarified to members that although the Corporate Risk Management and Risk Management Facilitation does not sit with the ARA Team, members will be provided with the same updates when necessary.

Members were advised the situation in relation to the implementation of agreed actions. Following the publication of the report the Finance and Procurement actions had been completed and the Economic Growth deadline had been extended to the end of Quarter 3. No progress however has been made on the Development Services and Asset Management actions. Members expressed concerns over the outstanding actions and updates will be provided to members by the relevant Head of Service. Going forward if responses are not provided to members the Chair of Audit (in consultation with the ARA officer and Head of Governance and Regulatory Services) will invite relevant officers to attend the Audit Committee.

Members noted the reduced resources within the audit function and asked for an update. In response the Head of Governance and Regulatory Services advised that amendments have been made to the audit plan and that additional internal support will be provided by the Governance Support Assistants in addition to the existing external IT audit. Members were also advised that the ARA Manager vacancy would be going out to recruitment and that the ARA Officer will begin studying for the Certified Internal Audit Qualification.

The ARA Officer then provided members with an update of the amended Assurance, Risk and Audit Plan for 2020/21.

### **Agreed**

Members noted the contents of the report and accepted the amended Assurance, Risk and Audit Plan for 2020/21.

## **197. Annual Governance Statement 2019/20**

In July 2020 members approved the draft Annual Governance Statement and the Monitoring Officer presented the final statement for approval. Following officer discussions with Grant Thornton LLP several changes were made which were reported to members.

Paragraphs 4.26 and 4.27 provide more detail around the Corporate Peer Challenges setting out the Councils response to the actions from the Peer Review

Paragraphs 4.28 and 4.29 provide more detail around the Governance Review undertaken by the Centre for Public Scrutiny and the work currently being undertaken to deliver the actions

Paragraphs 5.4 and 5.5 provide more information in relation to the Governance arrangements for the Allerdale Investment Partnership and Allerdale Waste Services

Paragraphs 5.10 confirms that the Council has the appropriate systems and processes in place to ensure good governance is maintained.

Paragraph 6 sets out an action plan for the areas of improvement and significant governance issues identified.

Following questions, the Monitoring Officer confirmed that members would be kept up to date with the action plan and any issues resulting from the Annual Governance Statement.

Councillor Tyson moved the motion to approve the Annual Governance Statement, the motion was seconded by Councillor Campbell – Savours, all members agreed.

### **Agreed**

That the 2019/20 Annual Governance Statement be approved.

## **198. Treasury Management Mid-Year Review 2020/21**

The Financial Services Manager presented the 'Treasury Management Operations' mid-year review.

The report summarised the following.

- an update on the economic environment
- updated interest rate forecasts
- interest rate movements during the period
- Treasury Management Strategy Statement (TMSS), Investment Strategy and Borrowing Strategy updates
- a review of the Council's investment and borrowing activities during the period 1 April to 30 September 2020
- a review of compliance with the Council's treasury and prudential indicators for 2020-21.

Members were advised that during April 2020, the amount of funding paid to the Authority as part of central government's response to the Covid-19 pandemic meant it was not possible to place those funds with institutions on the Council's list of approved counterparties without breaching the approved counterparty limit with one or more of those institutions. This required temporary suspension

of the Authority's £12m counterparty limit on deposits placed with the Debt Management Office during the period 1 to 7 April.

Members were also advised of the impact of Covid-19 and Brexit on the UK and World economies including interest rates and borrowing rates.

Councillor Campbell-Savours asked questions in relation to the key indicators the committee should monitor. In response the Financial Services Manager advised that it is not advisable to pick specific indicators but to focus on the wider picture, one of the key indicators however is affordability, and to be in mindful of the amount on future capital expenditure which is met from borrowing.

Councillor Campbell Savours then asked further questions in relation to risk and risks associated with the capital programme. In response the S151 officer advised that the Council has no immediate concerns but that acknowledged that the Council needs to address medium to long term budget gaps.

### **Agreed**

That the report be noted.

### **Prior to agenda item 8, Councillor Campbell-Savours moved the following procedural motion.**

Under section 4.20.10.f of the council constitution the meeting is adjourned, this is to provide members with more time to review the background papers (for items 8, 9 and 10).

The motion was seconded by Councillor Bainbridge, the Chair accepted the motion and all members agreed.

### **Meeting adjourned 15:05pm**

### **Meeting reconvened 10am, 26 November 2020**

#### **199. Audited Statement of Accounts 2019/20**

The Financial Services Manager submitted the 2019/20 Statement of Accounts for consideration and approval.

Members were advised that due to Covid-19, the statutory deadline to publish the statement of accounts has been put delayed until 30 November 2020

The accounts must be reviewed by the Section 151 officer and that if the Statement of Accounts were approved by members, Grant Thornton could issue their opinion.

The Financial Services Manager delivered a presentation to members on the Statement of Account, the presentation included,

- The Narrative Report

- Accounting Policies
- Single Entity Financial Statements
- Collection Fund and Group Accounts
- Changes to Unaudited Statements

The Financial Services Manager then answered questions from members in relation to the income and expenditure account, balance sheets, risks, NNDR and climate change.

In relation to risk and uncertainty, to support members going forward officers also agreed to send the corporate risk register when reviewing the statement of accounts.

### **Resolved**

That the Statement of Accounts for 2019/20 be approved.

## **200. Audit Findings Report**

Grant Thornton submitted a findings report highlighting the key matters arising from the audit of the Council's financial statements for the year ended 31 March 2020.

Gareth Kelly (Grant Thornton LLP) provided a high-level introduction to the report providing an overview of the key findings including

- Financial Statements
- Value for Money
- Statutory Duties
- Covid-19

Members were advised that due to covid-19 the audit has taken place remotely, due to this and several covid-19 related factors, the audit cost to the council has increased.

Richard Anderson (Grant Thornton LLP) then provided a more detailed account of the report including significant risks, including the risks associated to Covid-19, the significant findings from the group audit and financial sustainability.

Members were advised of the recommendations made following the audit in relation to financial sustainability and major projects and procurement.

Members asked questions in relation to value for money, risks associated with capital projects and financial savings. It was advised to members that potential savings are being considered by Allerdale Waste Services and proposals will be going to the AWS shareholder committee prior to public consultation as part of the budget consultation for 2021/22.

Members noted the contents of the report.

## **201. Letter of Representation 2019/20**

The Head of Financial Services presented to members the Letter of Representation, made in connection with the audit of the council's 2019/20 Statement of Accounts.

Members approved the Letter of Representation.

**Resolved**

That the Letter of Representation 2019/20 be approved

**The meeting closed at 12.25 pm, 26 November 2020**