

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

8 April 2021

PRESENT: - Councillor K Vickers in the chair.

Councillors K Vickers (Vice-Chair), P Clark, T Ellerby, T Foster, T Gosling, L Yeadon and T Mitchell

This was a Microsoft Teams Virtual Online meeting.

614 **SUBSTITUTIONS (IF ANY)**

Councillor T Mitchell filled the Conservative vacancy at this meeting.

615 **DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS AND PERSONAL OR PERSONAL AND PREJUDICIAL INTERESTS (IF ANY).**

There were no declarations made at this meeting.

616 **TO TAKE THE MINUTES OF THE MEETING HELD ON 27 JANUARY 2021 AS A CORRECT RECORD AND AUTHORISE THE CHAIRMAN TO SIGN.**

Resolved – That the minutes of the proceedings of this committee held on 27 January 2021, having been printed and circulated amongst the members, be taken as read and correctly recorded and signed by the Vice-Chairman.

617 **AUDIT PROGRESS REPORT - MARCH 2021 - REPORT BY MAZARS**

The council's External Auditors Mazars circulated its audit progress report up to 31 March 2021. The report informed the committee of Mazars progress in delivering its responsibilities as the council's External Auditors.

The report also contained a summary of national publications that may be of interest to the committee.

Members discussed the content of the audit progress report with the council's External Auditors.

Resolved – That the audit progress report be noted.

618 **AUDIT STRATEGY MEMORANDUM - YEAR ENDING 31 MARCH 2021 - REPORT BY MAZARS**

The council's External Auditors Mazars circulated its Audit Strategy Memorandum for the year ending 31 March 2021. The purpose of this document was to summarise Mazars audit approach, highlight significant audit risks and areas of key judgements and provide the committee with the details of its audit team.

It was a fundamental requirement that an auditor was, and was seen to be, independent of its clients, section 7 of the document also summarised Mazars considerations and conclusions on its independence as auditors.

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The report informed the committee of Mazars –

- Engagement and responsibilities
- Audit engagement team
- Audit scope , approach and timeline
- Identified significant risks and other key judgement areas
- Assessment on value for money
- Fees for audit and other services
- Commitment to independence
- Assessment of materiality and other misstatements

Members discussed the content of the memorandum with the council's external Auditors.

Resolved - That the Audit Strategy Memorandum the year ending 31 March 2021 be noted and welcomed.

619 INTERNAL AUDIT PLAN 2021-22

The Director: Governance and Partnerships submitted the council's internal audit plan for 2021-22. Members heard that the Accounts and Audit Regulations 2015 required the council to ensure there were sound systems of internal control and to undertake effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. Internal audit must take into account Public Sector Internal Auditing Standards (PSIAS) and guidance.

The PSIAS required that an Internal Audit Plan was agreed by the Audit Committee annually. The audit plan must be risk-based and take into account the organisation's risk management framework and reflect changes in the organisation's business, risks, operations, programmes, systems and controls. The plan also confirmed the resources available and required to support a reliable year-end audit opinion.

The updated Audit Charter, approved by the Audit Committee in January 2020 defined the internal audit activity's purpose, authority and responsibility and defined the scope of internal audit activities. The Head of Audit and Assurance had drafted an audit plan which was attached to the report as an appendix. It provided the committee with an outline of the audit plan, a commentary on the methodology for its compilation, and assurance on compliance with auditing standards.

The committee was informed that as of 31 March 2021, the section relating to strategic and operational risk/governance was subject to further development so any risks raised through the completion of the Annual Governance Statement could be factored into the plan. A final detailed plan would be shared with the Audit Committee later in the year.

The Director and the council's Head of Audit and Assurance then responded to questions on the internal audit plan for 2021-22.

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Resolved – (a) That following consideration of the report and appendix, and discussion of their content, that the internal audit plan provided adequate assurance in respect of the council’s control environment, and (b) that the internal audit plan for 2021/22 be approved, subject to the finalisation of the section on strategic and operational risk/governance.

620 ANNUAL FRAUD REPORT 2020-21

The Director: Governance and Partnerships submitted the council’s annual fraud report for 2020-21. Members were informed that the council’s framework to combat fraud, corruption and misappropriation was approved by the committee in April 2018.

The strategy and response plan were reviewed regularly. The framework followed national guidance as laid out in the document ‘Fighting Fraud and Corruption Locally - The local government counter fraud and corruption strategy 2016-2019’, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre and was based upon three key principles:

- Acknowledging and understanding fraud risks
- Preventing and detecting fraud
- Pursue - Being stronger in punishing fraud and recovering losses

The annual report was attached to the report as an appendix. It highlighted the work carried out in each of these areas and demonstrated the council’s continuing commitment to minimise the risk of fraud.

The Director and the council’s Strategic Lead – Fraud then responded to questions on the annual fraud report.

Resolved - That following consideration of the report and appendix, and discussion of their content, that the annual fraud report provided adequate assurance in respect of the council’s counter fraud arrangements.

621 TREASURY MANAGEMENT PRACTICES 2021-22

The Director: Governance and Partnerships delivered a presentation to the committee on the council’s treasury management practices for 2021-22.

The committee was informed that the Local Government Act 2003 required local authorities to have regard to such guidance as the Secretary of State may by regulations specify. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 specified the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance (The Code) as such guidance.

CIPFA had adopted the following as its definition of treasury management activities “the management of the organisation’s investments, borrowing and cash flows, its banking, money market and capital market transactions; the

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effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

The high-level objectives of the council’s treasury management activities were set out in the Treasury Management Policy Statement, attached as Appendix 1 to the report.

The Code also required the council to maintain suitable Treasury Management Practices, setting out the manner in which the organisation would seek to achieve its Treasury Management policies and objectives, and prescribing how it would manage and control those activities, which was attached at Appendix 2 to the report.

Following the presentation and discussion on the report, the Director and the council’s Head of Finance and Commissioning responded to questions from committee members.

Resolved – (a) That following consideration of the presentation, report and appendices, and discussion of their content, the Treasury Management Practices provided adequate assurance on the effectiveness of the council’s treasury management arrangements, and (b) that the Treasury Management Practices for the 2021-22 financial year be noted.

622 **ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT BY REASONS OF SPECIAL CIRCUMSTANCES WHICH MUST BE SPECIFIED.**

There were no urgent items for consideration at the meeting.