

Audit Committee

Minutes of the meeting held on Tuesday, 27 July 2021

Present: Councillor Ahmed Ali – in the Chair

Councillors: Hitchen and Lanchbury

Apologies:

Councillors Clay and Russell

Independent Co-opted member: Dr D Barker

Independent Co-opted member: Dr S Downs

Also present: Karen Murray, Mazars (External Auditor)

AC/20/17. Minutes

Decision

To approve the minutes of the meeting held on 15 June 2021 as a correct record.

AC/20/18. External Audit - update

The Committee received an oral update from Mazars the external auditor. Karen Murray stated that as previously reported to the Committee the external audit opinion would be submitted in November 2021.

Decision

To note the oral update.

AC/20/19. Draft Statement of Accounts

The Committee received the 2020/21 Annual Accounts, which had been signed by the Deputy Chief Executive and City Treasurer.

The Committee received an accompanying presentation entitled 'Annual Accounts 2021/21 – Overview of the Accounts and Key Issues' that was delivered by the Deputy City Treasurer.

Members of the Committee recognised the importance of the policy adopted by the Council over previous years to maintain a number of reserves, noting that the benefits of this had been realised during the pandemic.

In response to Members question the Deputy City Treasurer advised that the reduction in income to the Council as a result of the pandemic was experienced nationally, however the Government had launched the Tax Income Guarantee Scheme which would allow local authorities to claim up to 75% of lost income from

sales, fees and charges as well as Council Tax and Business Rates. He added that the financial impact of Covid would continue to be realised over the upcoming financial years and the Council would endeavour to collect all monies owed and grant funding would be used to support the most vulnerable residents in the city.

The Deputy City Treasurer further commented that the funding settlement was, as yet, unknown and a longer-term settlement, rather than an annual one was required to support the Council and enable longer term planning.

In response to Member's question regarding the underspend of £3.9m the Deputy City Treasurer advised that was transferred into general reserves and Directorates experiencing specific budgetary pressures had been supported and would be closely monitored.

The Deputy Chief Executive and City Treasurer advised the Committee that despite the pandemic the two major Capital Programme schemes, the refurbishment of the Town Hall and the Factory had continued to be delivered and the use of prudent budgeting and planning would mitigate against some of the pressures and challenges arising as a result of the pandemic, however factors such as inflationary pressures and the rising costs of materials were potential areas of risk and would continue to be closely monitored.

The Deputy Chief Executive and City Treasurer further informed the Committee of the agreed timescale for the reporting of the Group Accounts that were referred to in the presentation.

In conclusion the Committee, the Deputy Chief Executive and City Treasurer and the Deputy City Treasurer paid tribute to all staff for their response in supporting the residents of the city during the pandemic. The Committee placed on record their appreciation to the Finance Team for preparing the accounts under such challenging circumstances.

Decisions

To note the unaudited 2020/21 Annual Account, signed by the Deputy Chief Executive and City Treasurer, including the narrative report.

AC/20/20. Capital Programme Outturn 2020/21

The Committee considered a report of the Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management which informed Members of the outturn of capital expenditure for 2020/21; the financing of capital expenditure for 2020/21; the major variances between the 2020/21 outturn and the previous Capital Programme monitoring report submitted in February 2021 and the revised capital programme budget for 2021/22 and subsequent years as a result of the review of the programme following outturn.

Members commented that despite the pandemic significant progress had been made in delivering the Highways Capital Programme and programmes associated with

decarbonisation. Members commented that this progress needed to be communicated to residents.

In response to comments from the Committee the Deputy City Treasurer advised that a rigorous system of contingency planning and oversight was provided by a number of mechanisms, including dedicated project boards and project management. He further commented that the Asset Management Plan assisted with the cyclical maintenance and management of assets.

The Head of Audit and Risk Management stated that a system of strong contract management also provided an ongoing level of assurance regarding early identification of risks associated with projects.

In response to a request for further information relating to the reported Fire Risk Assessments the Deputy Chief Executive and City Treasurer stated that she would circulate this following the meeting.

Decision

To note the report.

AC/20/21. Revenue Outturn Report 2020/21

The Committee considered the report of the Deputy Chief Executive and City Treasurer that set out the final outturn position for the Council's revenue budget in 2020/21. It also highlighted the movements from the previous forecast for the year, which was reported to the Executive in February 2021, based on the position as at the end of December 2020.

In response to a comment from a Member regarding the numbers of Adult Social Care assessments the Executive Director of Adult Social Services stated that the number of referrals were beginning to increase, and these were to be managed through the Better Outcome Better Lives approach that adopted a strength-based approach to assessment. She added that increased staffing to deliver this important work had been achieved through grant funding and waiting lists were risk managed to prioritise those residents in most need. She further commented that a workstream to consider technology enabled care (TEC) to maximise a citizen's independence had been established as part of the Better Outcome Better Lives programme.

A Member commented that there was a potential for an increased demand on homelessness services as a result of the government's decision to remove the ban on the issuing Section 21 notices (notice to quit) that had been in place during the pandemic.

Decisions

To note the report.

AC/20/22. Treasury Management Outturn Report

The Committee considered the report of the Deputy Chief Executive and City Treasurer that provided information in relation to Treasury Management activities of the Council 2020/21.

A Member enquired if there were risks identified to any existing projects that were funded via European Union (EU) Funding, to which the Deputy Chief Executive and City Treasurer responded that existing funding such as that to deliver the zero carbon projects were secured, however the challenge and risk for future projects remained an issue. She advised that the Government had announced that a Shared Prosperity Fund had been established that was intended to replace EU Funding.

Decision

To note the report.

AC/20/23. Outstanding Audit Recommendations

The Committee considered the report of the Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management that summarised the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations.

The Committee welcomed the reported progress to date, in particular those in relation to Adult Social Care and transitions. The Head of Audit and Risk Management informed the Committee that he had been informed that the actions in response to the Planning for Permanence recommendations had been completed and that he had been provided with a description of progress made. He reassured the Committee that a follow up audit would be completed by the end of August 2021 and the outcome of this would be reported to Audit Committee in the next assurance update.

Decision

To note the report.

AC/20/24. Implications of the Redmond Review on External Audit

The Committee considered the report of the Deputy Chief Executive and City Treasurer that outlined the findings of the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting conducted by Tony Redmond which reported in September 2020.

The review was established in September 2019 by which time, it had become clear that there were problems in the local audit regime, specifically in relation to the audit of local government bodies such as councils, police bodies and this was evidenced by the fact that some 40% of audits were not completed in line with the 31 July reporting timetable set out in the Local Audit & Accountability Act 2014.

The Ministry of Housing and Local Government (MHCLG) had subsequently responded to the findings of the review and proposed a number of measures to be

adopted in relation to the external audit function in Local Government.

A Member asked the External Auditor if she had an opinion as to whether the current Audit Committee arrangements could be improved. The External Auditor replied that she was assured by the current arrangements, in particular the appointment of two independent co-opted members, noting that they provided an additional skill set and challenge to the Committee and contributed greatly to the meetings. She further commented that she was assured by the level of reporting in relation of partnership arrangements. She concluded by supporting a Member's suggestion that the External Auditor should reports annually to Council, commenting that this would assist in informing all Members of their collective responsibility in relation to the accounts.

A Member sought an assurance that Social Value continued to be included in all Council contracts to which the Deputy Chief Executive and City Treasurer confirmed that this was the case.

Decision

To note the report.

AC/20/25. Committee Work Programme and Recommendations monitor

Members were invited to agree the Committee's future work programme. A Member commented that she would notify the Chair of any items of business that she would like to have included.

Decision

To approve the Work Programme, noting the above comment.