

## **Audit Committee**

### **Minutes of the meeting held on 27 September 2022**

#### **Present:**

Councillor Simcock - In the Chair  
Councillors Curley and Russell  
Independent Co-opted member: Dr D Barker  
Independent Co-opted member: Dr S Downs

#### **Apologies:**

Councillors Flanagan, Good, Lanchbury and Wheeler

#### **Also Present:**

Councillor Akbar, Executive Member for Finance and Resources  
Councillor Stanton, Deputy Executive Member for Finance and Resources  
Karen Murray, Mazars (External Auditor)

#### **AC/22/30 Appointment of Chair**

A recommendation was made to appoint Councillor Simcock as Chair for the meeting. This recommendation was seconded.

#### **Decision**

To appoint Councillor Simcock as Chair for the meeting.

#### **AC/22/31 Minutes**

#### **Decision**

To approve the minutes of the meeting held on 26 July 2022 as a correct record.

#### **AC/22/32 Draft Statement of Accounts 2021/22**

The Committee considered the report of the Deputy Chief Executive and City Treasurer that provided information on the process of approval for the annual accounts.

The report provided a narrative on the background to the annual accounts; the structure and presentation of the annual accounts; key issues and summary. The report further described the timeline for the completion and audit of the 2021/22 annual accounts.

The report was accompanied by a presentation that summarised the key elements of the Draft Statement of Accounts.

In response to a question from the Chair the Deputy City Treasurer stated that an overview of the Council's budget was provided as part of all new Member's induction. He further commented that in addition to this Members could contact him for any

additional advice or information at any time.

Following the explanation provided regarding the rationale for the national reporting of a valuation of the highways infrastructure, Members noted that this was an intensive process and resulted in delays in the finalisation of the annual accounts. Members recommended that The Chartered Institute of Public Finance and Accountancy should make representation to the Government for a change to the legislation in relation to this requirement. This recommendation was supported by the Executive Member for Finance and Resources.

In response to a question relating to the Housing Revenue Account and Private Finance Initiative (PFI) payments, the Deputy City Treasurer stated that this underspend was ringfenced and was primarily due to delays in the delivery of planned improvement works as a result of the pandemic. He stated that as Northwards Housing had been brought back in house a programme of repair works was being developed, with appropriate consideration being given to fire safety works, retrofitting and ensuring that homes were of a decent standard so as to contribute to the city's carbon emissions reduction ambitions. He further commented that financial modelling was ongoing to understand and plan for budgetary pressures and changes as a result of inflationary pressures.

The Deputy City Treasurer responded to a question regarding income generation by advising that a review of this activity in relation to both car parking and markets was ongoing. He further commented that a number of car parks had been identified for economic redevelopment in the context of wider Council strategies such as active travel and clean air.

The Deputy Chief Executive and City Treasurer supported the assurance in relation to the approach and arrangements established to the short-term lending to other Local Authorities given by the Deputy City Treasurer, adding that this was a prudent approach that provided value for money.

The Deputy Chief Executive and City Treasurer responded to a question raised in relation to sickness levels. She advised that comparative data could be provided following the meeting, noting that during the pandemic it is understood that sickness levels were under reported and staff continued to work from home when ill. She advised that sickness levels continued to be monitored across all Directorates and there were robust attendance management arrangements established.

In response to a question regarding reserves, the Deputy Chief Executive and City Treasurer advised that reserves were cash backed and the balance could be used internally to avoid the need for borrowing, on the understanding that the reserves were to be repaid. She stated that the use of reserves was statutory governed. The Committee were further informed that the options proposed for the use of reserves would form part of the Council's budget setting proposals that would be presented to Members for consideration.

## **Decision**

The Committee note the unaudited 2021/22 Annual Accounts including the narrative

report, signed by the Deputy Chief Executive and City Treasurer.

The Committee recommend that the Chartered Institute of Public Finance and Accountancy make representation to the Government for a change to the legislation in relation to the requirement to report the valuation of the highways infrastructure.

### **AC/22/33     Review of Effectiveness of Internal Audit**

The Committee considered the report of the Head of Audit and Risk Management that described that the Council conducts an annual review of the effectiveness of its internal audit function as part of its governance assurance processes. This process is designed to provide assurance to the Deputy Chief Executive and City Treasurer, and the Audit Committee over the role, function and performance of the internal audit service.

The report provided a narrative on the background and context; a description of the Audit planning and priorities; information in relation to Quality Assurance Improvement Plan and an update on resources.

In response to a question relating to the use of Microsoft Office 365, the Head of Audit and Risk Management stated that this was a useful tool and the functionality of it was being explored to ensure that it was appropriate for the internal audit service.

The Deputy Executive Member for Finance and Resources stated that the Council had invested in the Microsoft Office 365 platform. He commented that other Directorates had embraced the full functionality of this IT software with improved reporting outcomes. He acknowledged that further staff and Member training would be required to maximise the benefits of this system.

### **Decision**

The Committee

1. Has considered the level of assurance provided by the review of effectiveness and progress on management improvement actions from the Quality Assurance Improvement Plan (QAIP) and planned actions for 2022/23.
2. Has reviewed and confirmed the Audit Committee Terms of Reference.
3. Has reviewed and approved the Internal Audit Charter.

### **AC/22/34     External Audit Update**

The Committee considered the report of the External Auditors (Mazars) that provided an update on progress in delivering responsibilities as the Council's external auditors. The report further provided information on recent national publications that may be of interest to Members of the Committee.

### **Decision**

To note the report.

**AC/22/35 Work Programme and Recommendations Monitor**

The Committee considered a report of the Governance and Scrutiny Support Unit which set out its future Work Programme for the forthcoming municipal year.

During consideration of the previous agenda items Members had requested that reports on the Risk Register and the Code of Corporate Governance is included on the Committee's Work Programme. A request for a report that discussed the management of inflationary pressures had also been requested.

**Decision**

To agree the Committee's Work programme, noting the above comments.

**AC/22/36 Exclusion of the Public**

A recommendation was made that the public be excluded during consideration of the items of business.

**Decision**

To exclude the public during consideration of the following items which involved consideration of exempt information relating to the financial or business affairs of particular persons, and public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**AC/22/37 Internal Audit Annual Fraud Report 2021/22 (Public Excluded)**

The Committee considered the report of the Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management that provided a summary of the anti-fraud arrangements and investigation work undertaken during 2021/22, with particular focus on the work delivered by Internal Audit.

**Decision**

To note the report.