

**AUDIT COMMITTEE  
30th July, 2019**

Present:- Councillor Wyatt (in the Chair); Councillors Vjestica, Walsh and Bernard Coleman (Independent Person).

Gareth Mills and Thilina De Zoysa, Grant Thornton, were also in attendance.

**16. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made at the meeting.

**17. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS**

There were no members of the press or public present at the meeting.

**18. MINUTES OF THE PREVIOUS MEETING HELD ON 18TH JUNE, 2019**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 18<sup>th</sup> June, 2019.

Resolved:- That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

**19. AUDITED STATEMENT OF ACCOUNTS 2018-19**

Consideration was given to a report presented by Paul Stone, Head of Corporate Finance, which advised on matters arising from the external audit of the Council's 2018/19 Statement of Accounts as presented in the External Auditor's ISA260 report and, in acknowledging these findings, requested that the Audit Committee approve both the Letter of Management Representation and the audited Statement of Accounts 2018/19.

Grant Thornton intended to issue an unqualified audit opinion on the Statement of Accounts and their representative at the meeting confirmed the unaudited Statement of Accounts and draft Narrative Report had one audit adjustment, which did not affect the prime financial statements, and a small number of presentational adjustments. None of the changes affected the financial performance or financial position of the Council previously reported in the unaudited Statement of Accounts.

The one adjustment affecting the Council's primary statements related to pension liabilities resulting from the post year-end national McCloud judgement and the associated Guaranteed Minimum Pension indexation. Grant Thornton was working through documentation received from the auditor of the South Yorkshire Pension Fund, however, it should be noted that this was not unique to Rotherham and affected all local authorities.

The ISA 260 also confirmed that working papers were of a high standard and the audit queries were dealt with in a timely and efficient manner.

A number of recommendations had been made, set out in Appendix A (Action Plan), namely:-

- Delivery of 2019-20 budget, savings plan and achievement of medium Term Financial Strategy
- Dedicated Schools Grant reserve deficit and recovery plan

Section 2 of the ISA 260 set out the approach, risks, work and conclusion reached by Grant Thornton on whether the Council had satisfactory arrangements in place to secure the economy, efficiency and effectiveness in the use of its resources. The conclusion reached was that the Council had made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. All the recommendations set out in the ISA 260 2017/18 report had been implemented.

Resolved:- (1) That the Auditor's ISA 260 2018/19, as submitted at Appendix 4, be approved.

(2) That the Statement of Accounts 2018/19 (Appendix 1 of the report submitted) and the 2018/19 Narrative Report (Appendix 2 of the report submitted) be signed and approved for publication.

(3) That Grant Thornton be issued with the Letter of Management Representation (Appendix 3 of the report submitted).

## **20. ANNUAL GOVERNANCE STATEMENT 2018-19**

Further to Minute No. 5 of 18<sup>th</sup> June, 2019, consideration was given to the updated 2018-19 draft Annual Governance Statement (AGS) presented by David Webster, Head of Internal Audit.

There had been no significant events or developments relating to the governance system between the year end and the date on which this Statement had been signed.

Recommended practice required the Leader of the Council and the Chief Executive to sign the Annual Governance Statement prior to its publication.

Resolved:- (1) That the 2018-19 draft Annual Governance Statement be noted.

(2) That the requirement for the Leader and Chief Executive to sign the Statement prior to the publication of the Annual Governance Statement be

noted.

**21. FINANCIAL OUTTURN 2018-19 - TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS**

In accordance with Minute No. 26 of the Cabinet Meeting on 8<sup>th</sup> July, 2019, consideration was given to a report presented by Paul Stone, Head of Corporate Finance, which detailed how the Council approved the Treasury Management Strategy in February, 2018, and received a mid-year report on 27<sup>th</sup> November, 2018, representing a mid-year review of treasury activity during 2018/19.

The Annual Treasury Management report was the final treasury report for 2018/19. Its purpose was to review the treasury activity for 2018/19 against the Strategy agreed at the start of the year.

The report also covered the actual Prudential Indicators for 2018/19 in accordance with the requirements of the Prudential Code.

Presentation of the report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Council was required to comply with both Codes through Regulations issued under the Local Government Act 2003.

Appendix A of the report submitted gave a summary of the Prudential Indicators and Appendix B a summary of the Prudential Indicators for the former South Yorkshire County Council.

Resolved:- That the Annual Treasury Management Report be noted.

**22. AUDIT COMMITTEE ANNUAL REPORT 2018/19**

David Webster, Head of Internal Audit, submitted the Audit Committee 2018/19 Annual Report in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance which recommended that audit committees report annually on how they had discharged their responsibilities during the previous municipal year.

The draft annual report was attached at Appendix 1 together with the Committee's Terms of Reference. The report set out:-

- A summary of the work undertaken
- External Audit
- Internal Audit
- Anti-Fraud and Corruption
- Risk Management
- Corporate Governance
- Finance

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- Other
- Training
- Terms of Reference 2018/19 and 2019/20

The Committee's Terms of Reference had been amended in light of the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Audit Committees – Practical Guidance for Local Authorities and Police' in May 2018, an update of the 2013 guidance. The Guidance included suggested Terms of Reference for audit committees which had been used as the basis for the proposed update.

The main changes to the Terms of Reference were:-

- Inclusion of the extended membership agreed in December 2015
- A Statement of Purpose outlining the role of the Committee
- Detailed responsibilities were given for governance, risk and control, Internal Audit, External Audit, financial reporting, Treasury Management and accountability
- Oversight of the Council's whistle-blowing procedure

Resolved:- That the Audit Committee Annual Report 2018/19 be noted and submitted to Council for approval.

### **23. AUDIT COMMITTEE FORWARD WORK PLAN**

Consideration was given to the proposed forward work plan for the Audit Committee covering the period September, 2019 to July, 2020.

Resolved:- That the Audit Committee forward plan, now submitted, be supported and any amendments arising actioned in due course.

### **24. ITEMS FOR REFERRAL FOR SCRUTINY**

There were no items for referral for Scrutiny.

### **25. EXCLUSION OF THE PRESS AND PUBLIC**

Resolved:- That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

### **26. CORPORATE STRATEGIC RISK REGISTER**

Simon Dennis, Corporate Risk Manager, presented the current Strategic Risk Register which took account of updates from Directorates, the Strategic Leadership Team and the Audit Committee.

The Register was currently reviewed six weekly by the Strategic Leadership Team (SLT) and the relevant risks by individual Directorates as well as being reported quarterly to the Committee.

The current Register had been constructed from updates provided by risk owners. There were currently 13 risks included on the Strategic Risk Register, 2e less than when the Register was previously considered and no new risks added.

Discussion ensued with the following issues raised/highlighted:-

- Brexit risk/Emergency Planning
- SLT consideration of the Corporate Risk Register
- Procurement
- EU grant funding
- Tackling family poverty

Resolved:- That the updated Strategic Risk Register be noted.

**27. DATE AND TIME OF NEXT MEETING**

Resolved:- That a further meeting be held on Thursday, 26<sup>th</sup> September, 2019, commencing at 2.00 p.m.