

**AUDIT COMMITTEE
24th November, 2020**

Present:- Councillor Wyatt (in the Chair); The Mayor (Councillor Jenny Andrews); Councillors Cowles, Vjestica, Walsh and Mr. J. Barber (Independent Person).

Gareth Mills and Thilina De Zoya, Grant Thornton (External Auditors) were also in attendance.

121. APOLOGIES FOR ABSENCE

There were no apologies for absence.

122. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

123. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

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

124. MINUTES OF THE PREVIOUS MEETING HELD ON 29TH SEPTEMBER, 2020

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 29th September, 2020.

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

125. AUDITED STATEMENT OF ACCOUNTS

Consideration was given to a report presented by Rob Mahon, Head of Corporate Finance, which advised on matters arising from the external audit of the Council's 2019/20 Statement of Accounts as presented in the External Auditor's ISA260. The Committee was asked to acknowledge the findings and approve both the Letter of Management Representation which was attached at Appendix 3 to the report and the audited Statement of Accounts 2019/20.

Gareth Mills, on behalf of Grant Thornton, presented the ISA 260 which was attached at Appendix 4. It was confirmed that the deadline for submitting Audited Statement of Accounts had been extended in 2020 due to the COVID-19 pandemic. However it was anticipated that there could be a slight delay in the sign off of the accounts by Grant Thornton. No major changes were expected and the Chair, in consultation with the Strategic Director of Finance and Customer Services, would give approval

for the final Audited Statement of Accounts to be published when completed. It was noted that a delay in signing off the Accounts was not unique to Rotherham and many other local authorities were in a similar position.

There had been one key adjustment since the publication of the draft accounts relating to the pension fund however this did not impact the General Fund or the Council's reserves. The significant audit risks were highlighted in the report and the Dedicated School Grant (DSG) deficit position and recovery plan was discussed at the meeting. The representative from Grant Thornton confirmed that they had assessed the Council's material DSG deficit against the 4 criteria set out by the National Audit Office guidance. 3 of the 4 criteria had been met and one partially met and as such a clean unqualified Value for Money conclusion had been proposed. Grant Thornton also intended to issue an unqualified opinion on the Statement of Accounts.

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), relating to:-

- Dedicated Schools Grant deficit reduction plan 2020-21 and beyond
- Financial impacts of COVID-19; budget monitoring 2020-21 and beyond

Resolved:-

- (1) That the Auditor's ISA 260 2019/20, as submitted at Appendix 4, be approved.
- (2) That the Statement of Accounts 2019/20 (Appendix 1 of the report submitted) and the 2019/20 Narrative Report (Appendix 2) be signed and approved for publication once complete.
- (3) That Grant Thornton be issued with the Letter of Management Representation (Appendix 3 of the report.)

126. CODE OF CORPORATE GOVERNANCE

David Webster, Head of Internal Audit, submitted the refreshed Council Code of Corporate Governance for consideration. It was presented at the meeting by Simon Dennis, Corporate Improvement and Risk Manager. There had been no new revisions to the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) guidance on delivering good governance in local government. However, it was good practice to review and revise the Council Code on an annual basis.

The Corporate Governance Group had completed the review and had made some changes to the Code to reflect elements of the Council's response to the COVID pandemic. It was anticipated that those changes would be temporary. Track changes had been included on the revised Code at Appendix A to the report to show the amendments. Some of the changes included removing references to the Council's Plan which had been replaced with the Year Ahead Plan and including reference to virtual meetings.

The 7 key principles set out in the guidance which underpinned the governance of each local government organisation had not changed. The Rotherham Code followed each of the principles and demonstrated how they were applied and evidenced in practice.

Resolved:- That the refreshed version of the Code of Corporate Governance be approved.

127. ANNUAL GOVERNANCE STATEMENT

David Webster, Head of Internal Audit, presented the Annual Governance Statement for approval. The draft Annual Governance Statement had been presented to the Committee in August 2020 and track changes had been used to highlight any amendments that had been made to the final version.

COVID-19 had a significant impact on the Council at the end of 2019/20 and into 2020/21. However an effective governance framework, as referenced in paragraphs 3.10 and 3.11 of Appendix A to the report, had been in place throughout. Council, Cabinet and Committee meetings had continued to take place.

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

The Committee congratulated all officers and partners involved in maintaining good governance arrangements and a good budget position throughout the pandemic.

Resolved:-

- (1) That the 2019-20 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.

128. AUDIT COMMITTEE FORWARD PLAN

Consideration was given to Audit Committee's forward work plan which covered the next year. The plan showed how the agenda items related to the objectives of the Committee. There were no amendments to or updates on the plan at this meeting. The Chair however confirmed that he had invited the Chief Executive to attend a meeting of the Audit Committee in the new year.

Resolved:-

(1) That the Audit Committee forward plan, now submitted, be supported and any amendments arising actioned in due course.

(2) That the Chief Executive is invited to attend an Audit Committee meeting in early 2021.

129. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral to Scrutiny.

130. 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 items of business on the grounds that they involve 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).

131. INTERNAL AUDIT PROGRESS REPORT 1ST SEPTEMBER-31ST OCTOBER, 2020

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st September to 31st October, 2020, and the key issues that had arisen therefrom. The current position of the plan was outlined in Appendix A to the report. The plan had to remain flexible and consultation would be ongoing throughout the rest of 2020/21 as the COVID-19 situation changed, with detailed scopes and timing agreed on an ongoing basis.

Ten audits had been finalised since the last Committee meeting including 2 with Substantial Assurance, 5 with Reasonable Assurance and 3 with Partial Assurance. Audit opinions and a brief summary of all audit work concluded since the last meeting was set out in Appendix B to the report.

Internal Audit's performance against a number of indicators was summarised in Appendix D. Sickness absence had impacted on the performance but it was confirmed that the team was now back to full capacity. Positive feedback had been received on 6 audits.

Appendix E showed the number of outstanding recommendations that have passed their original due date, age rated. The number of aged outstanding actions had increased to 41. A presentation has been given to more than 50 Assistant Directors and Heads of Service outlining the issue and asking them to ensure that realistic dates were set when draft reports were agreed and to endeavour to clear actions by the agreed dates where possible.

Resolved:-

(1) That the Internal Audit work undertaken between 1st September and 31st October 2020 and the key issues arising be noted.

(2) That the information submitted regarding the performance of Internal Audit and the actions being taken by management in respect of the outstanding actions be noted.

(3) That Karen Middlebrook, Procurement Manager, be invited to a future meeting to provide an update on the Council's procurement processes.

132. RISK MANAGEMENT DIRECTORATE - ASSISTANT CHIEF EXECUTIVE

Consideration was given to a report presented on behalf of the Chief Executive by Simon Dennis, Corporate Improvement & Risk Manager, providing details of the Risk Register and risk management activity within the Assistant Chief Executive's Directorate.

5 out of the 12 risks on the Assistant Chief Executives Directorate risk register were assessed as being high risks. There were:-

- Tackling family poverty
- Successfully delivering the Council's Change Programme
- Management and Delivery of the Vulnerable People Resettlement Scheme and Asylum Programme
- Delivery of the Corporate Priorities, specifically a strong community and expanding prosperity and opportunity. There is also a risk that these may be impacted by the UK leaving the European Union on 31st January 2021.
- Delivery of the Year Ahead Plan

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Resolved:-

(1) That the progress and current position in relation to risk management activity in the Assistant Chief Executive's Directorate, as detailed in the report now submitted, be noted.

(2) That Simon Dennis and Caroline Webb to provide a written response for the Committee regarding the consultation process with Mears in relation to Management and Delivery of the Vulnerable people resettlement scheme and the asylum programme.

133. URGENT BUSINESS

There was no urgent business.

134. DATE AND TIME OF NEXT MEETING

Resolved:- That the next meeting of the Audit Committee be held on Tuesday, 19th January, 2021 commencing at 2.00 p.m. via Microsoft Teams.