

AUDIT SUB-COMMITTEE

06 March 2024

PRESENT:

Non-Grouped

Councillor A Wheelton (Chair)

Labour Group

Councillors D Shepherd (Vice-Chair) A Jones and A Tilley.

Conservative Group

Councillor N Atkin.

In Attendance

Councillor G Rhind

Councillor S Taylor

AS/34 **APOLOGIES**

The Sub-Committee was informed that no apologies had been received.

AS/35 **TO RECEIVE THE OPEN MINUTES**

The Open Minutes for the Meeting held on 06 December 2023 were taken as read, approved, and signed by the Chair.

The Chair noted that there had been no response received by 01 February 2024 to the resolution approved at the meeting on 06 December 2023 in respect of the Enforcement cases of damage to trees under Tree Preservation Orders. The Chair noted that this would be raised with the Chief Executive and escalated to the Chair of the Finance and Management Committee.

AS/36 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/37 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/38 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AS/39 **INTRODUCTION TO MAZARS LLP**

The Chair introduced Mark Surrige, Audit Partner, and Emily Reynolds, Senior Auditor, from Mazars LLP to the Sub-Committee as the Council's external auditors for the financial year 2023-24.

The Audit Partner presented an overview of Mazars' commitments as external auditors to many existing public sector clients and, therefore, to South Derbyshire District Council. The Audit Partner assured the Sub-Committee that a resource plan was in place to deliver the audit requirements by the end of November 2024.

Councillor Atkin welcomed the report and the commitment that the accounts would not be delayed and queried whether by supporting many clients there would be an impact to South Derbyshire District Council.

The Audit Partner informed the Sub-Committee that dedicated personnel would support South Derbyshire District Council and that a resource plan was in place for the next 12 months and that staff turnover was low at between 1% and 2%.

RESOLVED:

1.1 The Sub-Committee noted the report.

AS/40 **LEVEL OF MATERIALITY 2023-24 ACCOUNTS**

The Head of Finance presented the report to the Sub-Committee ahead of the Financial Statement and asked the Sub-Committee to note that ongoing considerations may lead to further updates to the report.

The Strategic Director (Corporate Resources) informed the Sub-Committee that minor amendments required by the Chartered Institute for Public Finance and Accountancy would be included in the final version of accounts.

The Ernst Young Audit Partner confirmed that accounting policies were brought to the Sub-Committee as part of approval of the financial statements.

RESOLVED:

- 1.1 The Sub-Committee considered and approved the Draft Accounting Policies for the 2023/24 Financial Statement as detailed in Appendix 1 of the report.***
- 1.2 The Sub-Committee considered and approved the materiality levels as set out in section 4.9 of the report.***
- 1.3 The Sub-Committee considered and approved delegated authority to the Section 151 Officer to make any necessary amendments.***

AS/41 **INTERNAL AUDIT PROGRESS REPORT 2023-24**

The Group Auditor presented the details of the report to the Sub-Committee highlighting the Audit dashboard and that the plan for the 2023-24 financial year was 84% complete. The Group Auditor informed the Sub-Committee that the one significant rating was a result of the Right to Buy audit.

The Strategic Director (Corporate Resources) confirmed to the Sub-Committee that new procedures would be implemented in the Housing team from March 2024 referring all Right to Buy applications to the Fraud team for review.

The Group Auditor confirmed to the Sub-Committee that the audit for Fleet Management had been deferred to 2024-25 and that the audit for Debit and Credit Cards had been brought forward to 2023-24.

Members raised queries in respect of the Land Charges audit and if a new service level agreement had been signed and if there was an update on the migration of the service and why the five historic Development Management recommendations had an adequate status.

The Monitoring Officer confirmed to the Sub-Committee that an updated service level agreement was in place and that the migration process had been stated with H M Land Registry.

The Group Auditor informed the Sub-Committee that the historic Development Management recommendations have been updated with revised dates.

RESOLVED:

The Sub-Committee considered the report of the Audit Manager at Appendix 1 of the report and any issues identified would be subject to a follow-up report as appropriate.

AS/42 **INTERNAL AUDIT PLAN 2024-25 AND AUDIT CHARTER**

The Audit Manager presented the Audit Plan to the Sub-Committee highlighting the modelling processes used to determine which audits would be conducted during the year.

The Audit Manager provided the Sub-Committee with details of the Audit Charter and confirmed that there were no changes from the previous year.

Members discussed the Audit Plan and Audit Charter and raised queries regarding the agreed cost of the service and the terminology relating to IT applications.

The Chair asked if there would be any impact from the International Professional Practices Framework (IPPF) restructure.

The Audit Manager informed the Sub-Committee that following the release of global audit standards from the IPPF the interpretations for Local Government and the Public Sector were still outstanding. The Audit Manager confirmed that the 2024-25 costs were subject to a 4% increase which aligned with the budget and that IT applications were referred to as “fat” and “thin” which was determined by the type of hosting used for the application.

RESOLVED:

The Sub-Committee considered and approved for implementation the proposed Internal Audit Plan for 2024/25 at Appendix 1 of the report subject to any changes agreed by the Sub-Committee.

AS/43 **INTERIM VALUE FOR MONEY REPORT 2021-22 AND 2022-23**

The Chair introduced Hayley Clark, Audit Partner from Ernst Young, to the Sub-Committee.

The Audit Partner presented the report to the Sub-Committee highlighting the local audit market position, that consultations were underway including the Chartered Institute of Public Finance and Accounting and detailed the four objectives set out in the report.

The Chair asked the Audit Partner for an update on the raised risk findings from the Ernst Young audits since 2015, reasons to support the late completion of the 2021 audit and when the completed 2022-23 audits would be ready.

The Audit Partner confirmed that further information would be provided after the meeting in respect of the audits since 2015 and the 2021 audit issues. The Audit Partner explained to the Sub-Committee that a backstop date had been set at 30 September 2024 for the completion of the 2022-23 audit opinion.

The Vice-Chair noted the seriousness of the audit matters and that the questions from the Chair needed a response.

Members raised concerns regarding the management of completed audits and if there was a risk when audits were not received.

The Ernst Young Audit Partner confirmed that the matter raised via their report regarding Council approval of the annual budget, had been brought to the attention of the Sub-Committee previously by the Internal Auditor. The 2022-23 completed audits would be ready before the backstop date of 30 September 2024.

The Chair confirmed the reports of the completed audits would be published through the Sub-Committee.

The Strategic Director (Corporate Resources) confirmed to the Sub-Committee that the auditing of final accounts for 2022-23 with statutory auditors would be concluded by 30 September 2024 and that the final Value for Money report would be included on the Work Programme presented at the next Sub-Committee meeting.

RESOLVED:

The Sub-Committee noted the Interim Value for Money Report 2021-22 and 2022-23 at Appendix 1 of the report.

AS/44 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the updated work programme to the Sub-Committee.

RESOLVED:

The Sub-Committee considered and approved the updated work programme.

AS/45 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AS/46 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 17:05hours.

COUNCILLOR A WHEELTON

CHAIR