

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

22 January 2020

PRESENT: - Councillor K Vickers in the chair.

Councillors Clark, Ellerby, T Foster, Gosling, Longcake and Yeadon.

The committee met at Church Square House, Scunthorpe.

563 **MINUTES SILENCE** – As a mark of respect, the committee observed a minutes silence following the passing of Councillor Ivan Glover.

564 **DECLARATIONS OF DISCLOSABLE PECUNIARY, PERSONAL OR PERSONAL AND PREJUDICIAL INTERESTS** – There were no declarations of disclosable pecuniary interests and personal or personal and prejudicial interests.

565 **MINUTES – Resolved** – That the minutes of the proceedings of this committee held on 31 October 2019, having been printed and circulated amongst the members, be taken as read and correctly recorded and signed by the Chairman.

566 **EXTERNAL AUDIT PROGRESS REPORT** – Representatives of Mazars, the council's external auditor, submitted its External Audit Progress Report for January 2020.

The update provided members with a high level overview on progress in delivering Mazars responsibilities as the council's external auditors.

Members commented on particular aspects of the report to which the representatives of Mazars and the Director: Governance and Partnerships responded to.

Resolved – That following consideration of the reports and discussion of their content, the committee agreed that the progress report be received and noted.

567 **ACCOUNTING POLICIES 2019-20** – The Director: Governance and Partnerships submitted a report that informed the committee that the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (The Code) required each local authority to adopt accounting policies that set principles for recording financial transactions within the council's accounts.

The report explained that The Code specified the principles and practices required to prepare a Statement of Accounts to give a true and fair view of the financial position, financial performance and cash flows of the council.

The policies proposed for North Lincolnshire are based upon guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and take account of local circumstances.

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The report requested that members satisfy themselves that the Accounting Policies at Appendix 1 were appropriate.

The Director responded to members questions on aspects of her report.

Resolved – (a) That following consideration of the report and appendix, and discussion of their content, the Accounting Policies set out at Appendix 1 of the report be approved, and (b) that the Director: Governance and Partnerships be authorised to make new Accounting Policies and amend existing policies as may become necessary in the production of the accounts, with any such changes being reported to the next meeting of this committee.

568 **INTERNAL AUDIT UPDATE (INCLUDING THE UPDATED AUDIT CHARTER)** – The Director: Governance and Partnerships submitted a report that updated the committee on Internal Audit activity up to 31 December 2019 and an updated Audit Charter to take account of changes to the Public Sector Internal Auditing Standards (PSIAS).

Members were informed that it was a requirement of the PSIAS for the committee to receive regular updates on the activities of Internal Audit, in particular:

- Providing assurance that sufficient work would be carried to provide a reliable risk based annual opinion on the effectiveness of the control environment and any amendments to the audit plan;
- Bringing to the Committee’s attention any issues identified during the course of the 2019/20 audit which could impact on the annual opinion; and
- Providing assurance of Internal Audit’s compliance with PSIAS.

Appendix 1 of the report prepared by the Head of Audit and Assurance provided an update on the delivery of the audit plan up to 31 December 2019. Sufficient work should be carried out by May 2020 to provide a reliable opinion on the council’s control environment.

In addition it was a requirement for the Audit Charter which set out the purpose, authority and responsibility of Internal Audit to be annually reviewed.

Although there had been no changes to the PSIAS, the updated charter attached at Appendix 2 of the report, had been subject to some small amendments in relation to the requirements of the Accounts and Audit Regulations 2015, how potential conflicts of independence on the shared service management team would be mitigated, and reference to the Head of Audit and Assurances membership of the Council’s Assurance Group, chaired by the Deputy Chief Executive.

The Director responded to members questions on aspects of her report.

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Resolved – (a) That following consideration of the report and appendices, and discussion of their content, the Internal Audit progress report at Appendix 1 be noted, and (b) that the updated Audit Charter at Appendix 2 be approved.

569 **LOCAL CODE OF CORPORATE GOVERNANCE** – The Director: Governance and Partnerships submitted a report on the updated Code of Corporate Governance.

In April 2016 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issued their document “Delivering Good Governance in Local Government: a Framework”. It was based on seven principles underpinning the framework.

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of intended outcomes.
- Developing the entity’s capacity, including the capacity of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

In 2016/17 the council updated its Local Code using the principles in the framework, which was approved by the Audit Committee on 27 September 2016. The Code was subject to annual review and the revised version was shown at Appendix 1.

To reflect the changes of the council’s operating model there had been amendments to sections B and E. In addition there had been minor amendments to other areas of the Code. These changes were detailed at paragraph 2.3 of the report.

The updated Code showed that overall the council continued to comply with the principles outlined in the CIPFA/SOLACE Framework. The effectiveness of these arrangements would be reported in the Annual Governance Statement.

The Director responded to members questions on aspects of her report.

Resolved – That the updated Code of Corporate Governance be approved.

