

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on MONDAY, 9 DECEMBER 2024

Present: Councillor P Moulton (Chair)

Councillors D Everitt, A Barker, D Cooper, R Johnson, G Rogers, J G Simmons and R Sutton

Officers: Mrs A Crouch, Ms K Hiller, Mr T Devonshire and Mr P Stone

**33. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor R Boam and Councillor N Smith.

**34. DECLARATION OF INTERESTS**

There were no interests declared.

**35. MINUTES**

Consideration was given to the minutes of the meeting held on 20 November 2024. It was noted that there was an error in the minutes stating that Councillor N Smith was absent and that the minutes had been amended.

It was moved by Councillor R Johnson , and seconded by Councillor JG Simmons and

RESOLVED THAT:

Subject to the amendment above, the minutes of the meeting held on 20 November 2024 be confirmed as accurate records of proceedings.

**36. COMMITTEE WORK PLAN**

Consideration was given to the inclusion of any items on the work programme.

The work plan was noted.

**37. AUDIT DELAY BACKLOG UPDATE**

The report was presented by the Strategic Director of Resources.

During a discussion it was asked by a member to what extent the Council were included in the processes that the backstop represents. The response informed the Committee that the 2023/24 dates were selected because of listening to local government, but legislation was decided by central government and systems partners for the whole sector. A member asked whether the Strategic Director believed the process would be effective in operation and whether changing audit partners would cause issues. The Strategic Director responded that they believed the steps taken to address the backlog were appropriate. It was assured that the working relationship with Azets was developing well with regular communication, they were confident in moving forward and communication between Azets and Forvis Mazars would not be time limited.

It was also asked how much of the audits for 2021/22 and 2022/23 were completed. The Strategic Director responded that for 2021/22 there was a substantial amount of the audit completed but no substantial work was undertaken for 2022/23 due to aforementioned issues, and staff capacity.

Chairman's initials

Members were thanked for their comments and the position of the Council in respect of the local audit delays was noted.

### **38. AUDIT COMPLETION REPORT 2021-22**

The Strategic Director of Resources introduced the report and the author of Appendix A, the Key Audit Partner from Forvis Mazars who proceeded to present Appendix A.

In response to a query from item 5, the key audit partner informed the committee that the Audit of 2021-22 was two thirds complete.

A discussion was had about transparency. It was assured by the Key Audit Partner that although the report was incomplete, all findings were reported. A member commended the report and, along with another member, asked about undisclosed transactions. It was explained that transactions that were considered immaterial, of low value, were not required to be disclosed in financial statements, but existed in the Council's records. A material transaction was enquired about, which was explained to be rent payable for an investment property.

Before the discussion ended, a member asked for insight into decisions made by the Council to divert constrained resources away from financial reporting. It was assured that the Committee, during the period of 2021-22, had received regular updates from Forvis Mazars and previous Section 151 Officers on the progress and how resources were diverted.

Members were thanked for their comments and the Audit Completion Report 2021-22 was noted.

It was moved by Councillor A Barker, and seconded by Councillor G Rogers and

RESOLVED THAT:

The Management representation letter was approved.

### **39. AUDIT STRATEGY AND COMPLETION REPORT - 2022/23**

The Strategic Director of Resources introduced the report and the author of Appendix A, the Key Audit Partner from Forvis Mazars who proceeded to present Appendix A.

A member enquired about the spending on the 2021-22 and 2022-23 audits. The Key Audit Partner responded that the audits were subject to review from public sector audit appointments who were working to confirm fair and contract-abiding fees for all audits affected by the backstop. The fees provided in the Appendix were an overview of what was estimated but it was expected to cost less for 2022-23. The member asked whether the 2021-22 fee was double the cost. The key audit partner explained there were issues around the scale fees (which were still subject to review) and that the planned fee was based upon 2023-24 fees. At his request, it was minuted that Councillor Sutton interpreted that answer as a 'yes' and thought that the increase in cost displayed political travesty. He also expressed disappointment in decisions to change systems made by more recent governments and found the lack of compensation to Councils was disgraceful.

Members were thanked for their comments and the external auditor's completion report as set out in Appendix A was noted.

It was moved by Councillor R Johnson, and seconded by Councillor R Sutton and

RESOLVED THAT:

The Management representation letter was approved.

#### **40. DRAFT AUDITORS ANNUAL REPORT - 2021/22 AND 2022/23**

The Strategic Director of Resources introduced the report and the author of Appendix A, the key audit partner from Forvis Mazars who proceeded to present Appendix A.

The Key Audit Partner assured the Committee that the Council was not isolated in its audit position.

A discussion was had between members and the Key Audit Partner about an identified financial gap in 2022/23. It was explained that there was a gap between income and spending that was to be filled through savings. Recommendations on improvement were also provided. The use of budget books was promoted by another member and they emphasised the Committee needed transparency and assurance. The Chair, in response, suggested that the report be taken to Corporate Scrutiny. The Strategic Director contributed that Cabinet and Corporate Scrutiny receive regular monitoring reports and agreed to look into providing more information to Scrutiny and this Committee. They added that budget books were a time constraint which the department did not have capacity for, but the new system would aid in detail and transparency.

The discussion ended with a member expressing concerns around the deferrals made to actions arisen from 'limited assurance' findings from internal audit and the tracking of these actions. They requested that the Committee had more involvement in the decision making around the deferral of actions and for the topic to be added to the next agenda. The Strategic Director informed the Committee that tracking had progressed and the Audit Manager would be providing further feedback to the Committee throughout the process. The Chair agreed to including the topic to the next agenda.

Members were thanked for their comments and the draft Auditors Annual report for 2021/22 and 2022/23 was noted.

#### **41. STATEMENT OF ACCOUNTS 2021/22**

The report was presented by the Strategic Director of Resources.

It was moved by Councillor A Barker, and seconded by Councillor R Johnson and

RESOLVED THAT:

- a) The Annual Statement of Accounts 2021/22 be approved;
- b) The Chair be authorised to sign the Statement of Accounts 2021/22; and
- c) Authority be delegated to the Chair and Section 151 Officer to approve any minor non-material amendments, as agreed with the external auditors, to the Statement of Accounts 2021/22.

#### **42. STATEMENT OF ACCOUNTS 2022/23**

The report was presented by the Strategic Director of Resources.

A member asked a question based on the 2021/22 Statement of Accounts to ascertain whether there was a schedule of payments for the sale of Cropston Drive to developers.

Chairman's initials

In response, the Head of Finance informed the Committee that the development was on hold and that the Council had received no updates regarding financial matters.

A discussion was had about the fall in balance of the Council's general funds. The reasons for why were to be further explored by financial officers, with an answer provided to the Committee. It was also explained that there was a general fund, earmarked reserves and an unused amount kept for emergency. Some of the earmarked reserves were spent which was emphasised to be a good thing, for example COVID grants being repaid. A member responded that had the Statement of Accounts been received earlier, the Committee may have been able to address issues.

It was moved by Councillor J Simmons, and seconded by Councillor G Rogers and

Members voted for the recommendations, with one abstention received from Councillor R Sutton which was minuted at his request.

RESOLVED THAT:

- a) The Annual Statement of Accounts 2022/23 be approved;
- b) The Chair be authorised to sign the Statement of Accounts 2022/23; and
- c) Authority be delegated to the Chair and Section 151 Officer to approve any minor non-material amendments, as agreed with the external auditors, to the Statement of Accounts 2022/23.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.31 pm

Chairman's initials