

# MINUTES OF AUDIT AND ETHICS COMMITTEE

29 MARCH 2022

## PRESENT:

Mr J Eves (Vice Chairman in the Chair), Councillors Mrs A'Barrow (substitute for Councillor Ms Watson-Merret) Bearne and Mistry

**In attendance:** Jim McLarnon (Senior Manager – Grant Thornton)

## 51. MINUTES

The minutes of the meeting held on 1 February 2022 were approved.

## 52. APOLOGIES

Apologies for absence from the meeting were received from Paul Dudfield (Chairman) and Councillor Ms Watson-Merret.

## 53. AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered the report of the Chief Officer for Finance and Performance (Part 1 – Agenda Item 4) concerning a sector update and Grant Thornton's progress in delivering their responsibilities as external auditors to Rugby Borough Council.

A representative from Grant Thornton, the Council's appointed external auditor, attended the meeting to present the report and answer questions from the Committee.

The Committee was informed that there was an error relating to the final sentence in the column titled *Opinion on the audited body's financial statements* (page 4 of Appendix 1 to the report). This stated that the proposed deadline for preparation of draft accounts will remain at 31 May each year. However, this being consulted on for next year and the actual deadline for the preparation of draft accounts was the end of July 2022, with the audited accounts due at the end of November 2022.

It was noted that the Audit Plan would be brought to the next meeting of the Committee.

The Auditor's Annual Report was in the process of being prepared for the year ended 31 March 2021. An extraordinary meeting of the Committee would be arranged for the findings to be presented.

The Committee was informed that work on the annual Housing Benefit Subsidy claim was almost complete.

**RESOLVED THAT** – the report be noted.

**54. CIPFA FINANCIAL MANAGEMENT CODE UPDATE**

The Committee considered the report of the Chief Officer for Finance and Performance (Part 1 – Agenda Item 5) concerning an update on progress towards implementation of the CIPFA Financial Management Code.

The Committee was informed that the action plan, attached at Appendix B to the report, would form part of the Annual Governance Statement. A report providing an update on progress in delivering the action plan, including a timeline, would be presented to the Committee at the end of the 2022/23 financial year.

It was noted that compliance with the CIPFA Financial Management Code Action Plan was included in the Internal Audit Plan 2022/23.

**RESOLVED THAT** – the self assessment and action plan be noted.

**55. INTERNAL AUDIT PROGRESS UPDATE**

The Committee considered the report of the Chief Officer for Finance and Performance (Part 1 – Agenda Item 6) concerning progress towards delivery of the annual internal audit plan.

**RESOLVED THAT** –

- (1) the internal audit progress update be noted; and
- (2) the proposed amendments to the internal audit plan be approved.

**56. INTERNAL AUDIT PLAN 2022-23**

The Committee considered the report of the Chief Officer for Finance and Performance (Part 1 – Agenda Item 7) concerning the 2022/23 Internal Audit Plan.

The Committee was informed there was no assurance work currently included in the Internal Audit Plan relating to the joint venture trading company's activities, though this would remain under review. In the meantime, the audit team would carry out internal audit work on the joint venture as and when necessary. Some assurance work based around the business plan and the activities of the joint venture company may be included in the audit plan for next year.

Concerns were raised about the high risk rating for corporate health and safety. This was related to the subject matter and the risk rating reflected the inherent level of risk. The actions arising from the last follow-up audit review had been implemented and additional health and safety assurance work being carried out would be reported at the next meeting and included in the annual report.

A further corporate health and safety audit had been scheduled for 2023/24 to allow a year for the new SHE software system to be implemented. There were no amendments made to the proposed internal audit plan.

**RESOLVED THAT** - the internal audit plan for 2022/23 be approved.

**57. TREASURY MANAGEMENT PRACTICES UPDATE 2021/22**

The Committee considered the report of the Chief Officer for Finance and Performance (Part 1 – Agenda Item 8) concerning Treasury Management Practices.

**RESOLVED THAT** – the updates to the Treasury Management Practices be endorsed, prior to adoption by Council.

**58. ACCOUNTING POLICIES 2021/22**

The Committee considered the report of the Chief Officer for Finance and Performance (Part 1 – Agenda Item 9) concerning the Council's accounting policies for the production of the Council's 2021/22 Statement of Accounts.

It was noted that the outcomes of a consultation exercise on the deferral of the implementation of IFRS16 leases was awaited and this would be reported to the Committee in due course.

**RESOLVED THAT** – the Council's accounting policies, underpinning the production of the 2021/22 Statement of Accounts, be approved.

**59. HOMES ENGLAND COMPLIANCE AUDIT REPORT**

The Committee considered the report of the Chief Officer for Finance and Performance (Part 1 – Agenda Item 10) concerning the results of a compliance audit completed by Homes England in January 2022.

**RESOLVED THAT** – the report be noted.

**60. MOTION TO EXCLUDE THE PUBLIC UNDER SECTION 100(A)(4) OF THE LOCAL GOVERNMENT ACT 1972**

**RESOLVED THAT** – under Section 100(A) (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involved the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.

**61. WHISTLE BLOWING INCIDENTS – STANDING ITEM – TO RECEIVE ANY UPDATES**

There were no issues to report.

**62. FRAUD AND CORRUPTION ISSUES – STANDING ITEM – TO RECEIVE ANY UPDATES**

The Corporate Assurance Manager and Transformation Lead provided members with a verbal update in relation to an ongoing investigation.

**CHAIRMAN**