

Confirmed



Minutes of a Meeting of the **Audit and Governance Committee** held in the Deben Conference Room, East Suffolk House, on **Monday, 20 September 2021 at 6:30 PM**

Members of the Committee present:

Councillor Edward Back, Councillor Tony Cooper, Councillor Linda Coulam, Councillor Geoff Lynch, Councillor Ed Thompson

Other Members present:

Councillor Peter Byatt, Councillor Maurice Cook

Officers present: Matt Makin (Democratic Services Officer), Siobhan Martin (Head of Internal Audit Services), Brian Mew (Chief Finance Officer & Section 151 Officer), Alli Stone (Democratic Services Officer), Julian Sturman (Senior Accountant)

Others present: Debbie Hanson (Ernst & Young LLP), Ghulam Hussein (Ernst & Young LLP)

1 Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Tess Gandy and Councillor Rachel Smith-Lyte. Councillor Peter Byatt attended as Councillor Gandy's substitute.

2 Declarations of Interest

There were no Declarations of Interest.

**3 Minutes
RESOLVED**

That the Minutes of the Meeting held on 28 June 2021 be agreed as a correct record and signed by the Chairman.

4 External Audit Plan 2020/21

The committee received report ES/0887 of Councillor Maurice Cook, the Cabinet Member with responsibility for Resources, which presented the 2020/21 Indicative External Audit Plan

Councillor Cook introduced Ms Debbie Hanson, Associate Partner at Ernst & Young LLP (EY) and invited her to take the Committee through the proposed plan.

Ms Hanson stated that the accounts are currently indicative, but that EY was satisfied that the risks were adequately covered. Ms Hanson drew Members' attention to Section 1 of the strategy which was an overview of their 2020/21 audit strategy and it was noted that there were some new risks associated with the impact of Covid-19, and that there was a new auditing standard which applied to 2021 audits and would require additional work by EY.

Ms Hanson went through the areas of the report where there had been change in the level of risk, namely land and building and investment valuations due to the impact of Covid-19; the pension liability valuation due to change in asset values; the going concern disclosures; and grant income associated with Covid-19. Ms Hanson then went through the value for money section of the plan which had significantly changed compared to previous years due to a new code of audit practise. As a result, additional work was being done to gather sufficient evidence and the report would contain commentary on each risk area regardless of whether there is significant risk. Ms Hanson went through the remainder of the plan including audit materiality, scope of the audit, the EY audit team, audit timeline and independence. She concluded that EY was aiming to complete the report by the end of December 2021.

In relation to the Fee, Ms Hanson stated that there was a scale fee variation due to additional work required following the impact of Covid-19 which was not reflected in the 2020/21 scale fee. She reported that the PSAA would be writing to Members with regard to this change.

The Chairman asked what the indicative percentage range increase of the scale fees was. Ms Hanson responded that there had not been a specific percentage increase but that PSAA had set out a fee range in each area.

The Committee asked when the fees for the 2019/20 year will be confirmed. Ms Hanson responded that EY will be able to report to this meeting December on the fees as submitted to management.

The Chairman was pleased to see that the timeline for this year had been firmed up and enquired whether timelines beyond December 2021 could also be clarified. Ms Hanson responded that there was still some uncertainty due to the additional reports and work required in this years audit.

Clarification was sought on the reasons for the pension fund deficit as detailed on page 32 of the document pack. Ms Hanson responded that there was always a large movement in these accounts which was largely driven by changes in asset values. As asset values had changed so much in the past year another large change was expected.

On the proposition of Councillor Coulam, seconded by Councillor Cooper it was by a unanimous vote

RESOLVED

That having commented on the contents of the External Audit Plan 2020/21, the report be noted.

5 Treasury Management Outturn 2020/21 and Mid-Year 2021/22 Report

The committee received report ES/0888 of Councillor Maurice Cook, the Cabinet Member with responsibility for Resources, which presented the Treasury Management Outturn 2020/21 incorporating a mid-year review of 2021/22.

Councillor Cook introduced the report and outlined the sections on borrowing and investments. He reported that the Council had continued to ensure security over liquidity and the long term investments had done well over the past year despite the impact of Covid-19.

The Chairman reported that he was pleased to see the focus on ethical investments and that he hoped this would continue. He also thanked the Finance and Resources teams for their hard work during the past year.

Councillor Cook reported that an ethical statement would be included in the report in January to continue emphasising ethical investment.

On the proposition of Councillor Thompson and seconded by Councillor Coulam it was by a unanimous vote

RESOLVED

That the Annual Report on the Council's Treasury Management activity for 2020/21 incorporating the Mid-Year review for 2021/22 be noted.

That the Prudential Indicators Outturn position for 2020/21 in Appendix B be noted

6 Audit and Governance Committee's Forward Work Programme

The committee considered the Forward Work Programme for 2021/22.

Following a query on lines of communication to and from the committee, particularly with regards to investigations of complaints, it was agreed that the committee would receive a report on the communication process at the meeting scheduled for Monday 13 December 2021.

The Chairman also noted that there was an upcoming review of the planning process and the committee would receive a report following the review at the meeting scheduled for Monday 13 December 2021.

7 Exempt/Confidential Items (LGA)

On the proposition of Councillor Back, seconded by Councillor Coulam it was by a unanimous vote

RESOLVED

That under Section 100A(4) of the Local Government Act 1972 (as amended) 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 12A of the Act.

8 Exempt Minutes

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

9 Internal Audit Reports Recently Issued - Exempt

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

10 Internal Audit: Status of Actions

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting concluded at 19:58

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Chairman