



It was reported that the audit's scope had been determined by the National Audit Office's Code of Audit Practice and would include auditing the financial statements, reviewing arrangements to secure value for money through the economic, efficient and effective use of its resources and, where appropriate, exercise the auditor's wider reporting powers and duties.

In setting out their approach to the audit of the accounts, DBO had identified the following areas that would be subject to specific scrutiny:

- Management override of financial controls
- Revenue (and expenditure) recognition
- Valuation of non-current assets
- Pension liability valuation
- Allowance for non-collection of receivables
- Going concern
- Sustainability of finances
- Finance statement preparation and informed decision making

Arising from the Committee's questions and comments the following points were noted:

- It was clarified that the reference to fraud related to fraudulent claims perpetrated against the Council for example Housing Benefit and the majority of these were worth less than £10,000.
- The Jersey Property Unit Trust would be audited by the BDO Jersey Team and the findings include in the main audit report however the Trust's year end was December 2019.
- The additional audit fee reflects a combination of the additional work required to deal with the number of errors identified in the 2018/19 accounts and the increased complexity of the audit in recent years for example the audit of the JPUT and the Council's expanded investment property portfolio.
- It was clarified that if a property was bought solely for the purposes of income generation then it would be recognised as an investment in the accounts. If a property was acquired for a combination of investment income and regeneration purposes then in accordance with the CIPFR Code of Audit and Practice it must be shown in the accounts as 'Other Land and Buildings'.

It was noted that, due to the Covid-19 pandemic, the reporting deadlines in relation to completing the audit had been changed. Councils had been given until the end of July 2020 to finalise their accounts and audits had to be completed by the end of November 2020. An additional meeting of the Audit and Standards Committee to discuss the audited report had been scheduled for Monday 18<sup>th</sup> January 2021.

The Committee noted the update.

## **16/AS Internal Audit Annual Report**

The Committee received a report summarising the work of the Council's Internal Audit Function during the 2019-20 financial year.

During 2019/20, 21 planned internal audits and two ad hoc audits (of the Elections and the Swift Lane Traveller Enforcement Action) were completed. Arising from these audits 108 recommendations were made of which 15 were classified as being essential and 93 were deemed to be desirable.

Agreeing deadlines for the implementation of audit recommendations was a collaborative process as far as possible because it was recognised that target dates needed to be achievable. If it was not possible to implement an action due to resourcing then this was considered a resourcing issue and not an audit matter. Of the targets agreed during the 2019/20 audits only two recommendations were still to be implemented and the audit team was working with officers on these. If they had not been resolved by January 2021 then a report would be brought to the Committee.

The Committee noted the report.

#### **17/AS Effectiveness of the Internal Audit Function**

The Committee received a report setting out an assessment of the effectiveness of the Council's Internal Audit function.

The Committee considered a report setting out the findings of a review of the effectiveness of the Council's Internal Audit function. The Accounts and Audit Regulations 2006 required all local authorities to annually carry out a review of the effectiveness of its systems of internal control. The review measured the audit function against nine elements: organisational independence, a formal mandate, unrestricted access, sufficient funding, competent leadership, objective staff, competent staff, stakeholder support, and professional audit standards.

The Committee noted the report.

#### **18/AS Annual Standards Report**

The Committee received a report providing an update on the work of the Monitoring Officer during the 2020/21 municipal year.

It was noted that since April 2020 the Monitoring Officer had dealt with 17 complaints relating to Borough and Parish Councillors breaching the Code of Conduct. Of these, it had been found that the Code of Conduct had been breached on only a small number of occasions and the breaches themselves had been minor and could be resolved through informal resolution processes. In addition, the Monitoring Officer and the Deputy Monitoring Officer had provided advice and guidance to the Parish Council Clerks to help them better understand and apply the rules of debate at meetings and supported them to provide appropriate advice and guidance during meetings.

It was stressed that the Monitoring Officer would usually only share information about a complaint with the parties affected and many complaints, on investigation, were found to be unsubstantiated and due to personality differences or the relationships between the individual parties concerned.

#### **19/AS Date of Next Meeting**

It was noted that the next scheduled meeting of the Audit and Standards Committee would take place on 18<sup>th</sup> January 2021.

**CHAIRMAN**