

LEE VALLEY REGIONAL PARK AUTHORITY

**AUDIT COMMITTEE MINUTES
27 FEBRUARY 2020**

Members Present: Frances Button (Chairman) John Wyllie
John Bevan Ricki Gadsby (Substitute for Simon Walsh)
Christine Hamilton Ian Kemp (Deputy for Graham McAndrew)

In attendance: David Gardner

Apologies Received From: Graham McAndrew, Simon Walsh

Officers Present: Shaun Dawson - Chief Executive
Simon Sheldon - Director of Finance & Resources
Dan Buck - Head of Sport & Leisure
Keith Kellard - Chief Accountant
Vince Donaldson - Senior Contracts & Quality Manager
Sandra Bertschin - Committee & Members' Services Manager

Also Present: Sarah Watkins and Nikita Pathania – Mazars (Internal Auditors)
Neil Harris – Ernst & Young (External Auditors)

Part I

176 DECLARATIONS OF INTEREST

There were no declarations of interest.

177 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 19 September 2019 be approved and signed.

178 PUBLIC SPEAKING

No requests from the public to speak or present petitions had been received for this meeting.

179 ACCOUNTING POLICIES AND ACCOUNTS CLOSEDOWN Paper AUD/107/20
TIMETABLE 2019/20

The report was introduced by the Chief Accountant.

In response to the Chairman the Chief Accountant remarked that although the timeframe for publication of draft year end accounts was challenging he was confident that the deadline would be met.

Neil Harris, Ernst & Young, advised:

- the collective view of officers and Ernst & Young was that there was limited value in an interim audit and that it was more efficient to conclude the audit in one visit;
- Ernst & Young had issued a national letter setting out the context for this year's audits;

- given Ernst & Young's resourcing inefficiencies in the 2018/19 audit, the delivery plan for the Authority's 2019/20 audit had been prioritised.

The Chairman thanked Ernst & Young for prioritising the Authority's 2019/20 audit and acknowledgement that the Authority's staff were well prepared for audit work.

- (1) the Accounting Policies set out in Appendix A to Paper AUD/107/20;**
- (2) the draft Closedown Timetable set out in Appendix B to Paper AUD/107/20 was approved; and**
- (3) the key judgements and assumptions set out in paragraphs 10 to 14 of Paper AUD/107/20 was noted.**

180 EXTERNAL ADUIT 2019/20 – AUDIT PLAN

Paper AUD/108/20

The report was introduced by the Director of Finance & Resources including that the external auditor was seeking additional fees for the 2019/20 audit.

Neil Harris, Ernst & Young, advised:

- an overview of the 2019/20 audit strategy;
- that the audit approach was consistent with last year and given the Authority's specialised asset base it was anticipated that engagement of Ernst & Young's real estate team would be required again;
- review of decision making in regard to the return to Authority management of the six sports venues had not identified any areas of concern, but given the current legal position this was an area which would be monitored in the short to medium term;
- two new inherent risks had been identified which arose out of new regulatory standards introduced as a result of issues in the corporate sector; and
- commended the Annual Audit Letter for the year ended 31 March 2019.

The Chairman noted that there were no significant concerns on the Authority's financial resilience and that the two new inherent risks had arisen in response to pressures on the private sector and not because of any public sector issues. The Chairman expressed concern about the need for additional expert valuation of fixed assets given that the Authority commissioned an independent valuation. Concern was also expressed at the corporate design utilised for the Ernst & Young reports.

In response Neil Harris, Ernst & Young, advised:

- Public Sector Audit Appointments were currently consulting on audit scale fees for 2020/21;
- the view of Ernst & Young was that scale fees were based on a benchmark set in 2010 and did not reflect various changes which had happened since then, such as complexity and increased expectations on regulatory and compliance issues;
- in respect of the Authority's audit, Ernst & Young was required to take a view on the valuation of assets report and given the specialist nature of those assets a relevant expert was needed to complete this work and engagement of such experts was not included in scale fees; and
- with regard to additional fees for the 2018/19 audit, Ernst & Young had agreed to absorb costs arising from any inefficiency of the audit but still sought additional fees

from the Authority and that a breakdown of these hours would be provided. Should the additional fees sought not be agreed the matter would be referred to Public Sector Audit Appointments for decision.

The Chairman highlighted the issues listed in paragraph 6 of paper AUD/108/20 as to why the request for additional fees was resisted. The Committee endorsed this view and highlighted the need for any insufficiency in scale fees to be raised direct with Public Sector Audit Appointments.

- (1) **the Authority's position regarding additional Audit Fees as set out at paragraph 6 of Paper AUD/108/20 was approved;**
- (2) **the External Auditors' Audit Plan for 2019/20 attached at Appendix A to Paper AUD/108/20; and**
- (3) **the proposed annual audit fee for 2019/20 as set out in the financial implications of Paper AUD/108/20 was noted.**

181 RISK REGISTER 2019/20

Paper AUD/106/20

The report was introduced by the Director of Finance & Resources.

The Chairman welcomed the reassurance provided by the sub-register at Appendix B.

- (1) **the Corporate Risk Register included at Appendix A and the sub-register at Appendix B of Paper AUD/106/20 was approved.**

Chairman

Date

The meeting started at 12.42pm and ended at 1.29pm