

Audit Committee Minutes

Date: 17 October 2019

Time: 7.00 - 8.25 pm

PRESENT: Councillor M C Appleyard (In the Chair)

Councillors: G C Hall, M Hanif, A Lee, Ms C J Oliver, N Teesdale and R Wilson.

Also Present: A Brittan and Mrs S Gill (EY)

14 APOLOGIES FOR ABSENCE

An Apology for absence was received from Cllr R Scott.

15 MINUTES

RESOLVED: That the minutes of the meeting of the Audit Committee held on 30 May 2019 be confirmed as a true record and signed by the Chairman.

16 DECLARATIONS OF INTEREST

There were no declarations of interest.

17 QUARTER 1 PERFORMANCE REPORT

The Quarter 1 Performance report was submitted for Members' consideration so that they could determine and review whether the Council had been performing at the appropriate level. Regular monitoring of performance enabled areas of underperformance to be identified and rectified. The information provided gave an indication of the achievement of key objectives which would support the council's priorities as set out in the Corporate Plan. It was requested that the Quarter 1 Key performance measures attached at (Appendix A) be noted.

The report highlighted a total of 26 measures covering all performance from all service areas as set out in the service plans 2019/20. The measures were listed by service area but also monitored against the corporate priorities.

A Member asked as to why it was necessary to aim to maximise website users as part of a newly established key performance measure. He was informed that this was the cheapest form of contact in delivering of services, enabling the organisation to resolve queries at the first point of contact, thereby reducing costs.

A Member enquired as to whether performance would be adversely affected by the additional work involved in the transition to the new authority. He was informed that

there was no such expectation as there was a strong commitment to delivering “business as usual.”

Another question raised was whether there was likely to be any cause for concern in the performance of any service area. It was confirmed that relevant commentary on the performance measures demonstrated that the relevant managers were fully aware of any issues impacting performance and that where appropriate action would be taken to address these.

RESOLVED: That

- (i) The report be noted
- (ii) The officer be commended for the production of well formatted report.

18 EXTERNAL AUDIT ISA 260 REPORT

A report was submitted which requested that the External Audit Report (ISA260) on the audit of the Statement of Accounts as attached at (Appendix A) be noted. It was the Accounts and Audit Regulations 2015 which required the Council to produce a Statement of Accounts for each financial year.

The report was prepared and presented by the Council’s external auditors Ernst & Young, and subsequently scrutinised by Members.

The Auditors reported that they had adopted a substantive approach and so had not tested the operation of controls. Members were informed that they had not identified any significant risks around the criteria within their Audit Planning Report. It was confirmed that one unadjusted audit difference had been identified in the draft financial statement. However given that the total figure of liability was below materiality the Council did not propose to make an adjustment.

RESOLVED: the external Auditor’s report be noted.

19 STATEMENT OF ACCOUNTS 2018/19

A report was submitted which requested that the Statement of Accounts for 2018/19 be approved, and that the Head of Financial & Commercial Services be authorised to make any final amendments arising from outstanding work prior to approval of the accounts by the Auditor.

The Statement of accounts outlined the Council’s financial performance for the year and were prepared in accordance with the Accounts and Audit Regulations 2015. Members were reminded that this year due to the agreed revised timetable, the final audited accounts would be published by the end of October 2019. The Statement of Accounts was itemised and attached at (Appendix A) of the report. This elaborated on a variety of issues, detailing information on the income and expenditure account,

movements in usable and unusable reserves, the Council's balance sheet and a breakdown of information on the cash flow statement for the year end.

One of the presenting officers specified that very little had changed in the accounts since the draft version had been signed off by the auditors in May. Relevant corrections relating to misstatements had been made by managers. He acknowledged that the auditing process had been much longer and more difficult than in previous years primarily due to resourcing pressures but that overall an accurate set of accounts had been produced, and that EY had formulated a fair view of the financial position.

RESOLVED: That;

- (i) The incorporation of the signed Annual Governance Statement within the Statement of Accounts be noted,
- (ii) The letter of representation incorporated in the ISA260 report be approved, and
- (iii) Subject to the amendment discussed at the meeting, the Statement of Accounts for 2018/19 be approved.

20 TREASURY MANAGEMENT MID YEAR REPORT

A report was considered which requested that the mid-year Treasury Management report for 2019/20 covering the period 1 April - 30 September be noted. This would then be considered by Cabinet at its November meeting.

Members noted the progress made during the 2019/20 financial year against the previously approved Council Strategy.

The report covered various elements for the 2019/20 financial year, including the Council's capital position and prudential indicators, a review of the investment portfolio and of the councils borrowing strategy and debt rescheduling.

It was highlighted that there was good progress in all areas of work, with total investments in a strong position thereby showing an increase in cash flow, including the CCLA investment which had also performed well in terms of the net yield.

RESOLVED: That

- (i) The report be noted
- (ii) The staff within the Finance team be congratulated for the good work undertaken.

21 HIGGINSON PARK DRAFT ACCOUNTS

A report was considered which requested that Members note the Higginson Park charity's draft unaudited Annual Report and Financial Statement for the year ending 31 March 2019. This was attached at (Appendix A). Members were informed that the Charity's audited accounts would be made available at the next meeting of this committee for recommendation to Full Council for its approval in December 2019.

The report highlighted that the draft report and statement had been prepared in accordance with the requirements of the charities Act 2011. It was also brought to members' attention that by the end of March the net income of the trust was (0.185m) with assets worth over 9m.

Members queried the summary analysis of expenditure and related income for charitable activities. The charge mechanism for this facility was questioned and officers agreed to look into the matter.

RESOLVED: That the report be noted.

22 LOCAL AUDITOR PROGRESS REPORT 2018/19

A report was presented which explained the outcome of the formal discussions that had taken place with Ernst & Young and the PSAA with regards to the delay by EY in the completion of the 2018/19 final accounts review.

Members were informed of the steps taken following the verbal update from EY at a previous meeting relating to the rescheduling of the external audit due to insufficient qualified resources.

The Council had sought assurances from EY and the PSAA as to the commitment to deliver against a revised timescale to commence on 9 September for a 4 week time period. The council had also contacted the Local Government Association to express its dissatisfaction with EY's decision to delay the process. Subsequently EY had provided the Council with a 4 week programme for successful completion of the work together with the methods and processes that would be adopted as part of the review.

One of the presenting officers provided a brief update on the situation, commenting that the undertaking of the audit review had taken up far more time than had originally been envisaged due to additional complications. Nevertheless EY's willingness to engage in discussion at a relatively early stage in the process was appreciated. It was also mentioned that following a series of meetings, a national review on the auditing regime was expected, and that finance professionals eagerly awaited further developments in this area.

RESOLVED: That the report be noted.

23 STRATEGIC RISK REGISTER

A report was considered which requested that the Strategic Risk Register Monitoring Report be noted. The risk management process aimed to identify and address the risks that could impact on the long term direction and sustainability of the organisation, or the risks that could arise from the delivery of objectives as set out in the council's Corporate Plan.

The report stated that no new risks had been identified during the reporting period, and that the previous risk relating to unitary Council status had been superseded as responsibility for the governance arrangements for the new Unitary Council were the responsibility of the Shadow authority together with the relevant work streams. Further information was provided with regards to Brexit as part of the internal and external regulatory framework.

The report detailed commentary with regards to the content of individually assigned risks as set out at (Appendix A) to the report.

RESOLVED: That the report be noted.

24 BUSINESS ASSURANCE MANAGER'S ANNUAL REPORT

The report considered requested that the Business Assurance Managers Annual Report for 2018/19 be noted. The purpose of the report was to assist with the production of the Annual Governance Statement and to contribute towards the achievement of a sound system of internal control.

The report concluded that effective measures were in place which were designed to meet the council's objectives. In addition the measures established had been applied consistently throughout the organisation. It was also brought to Members' attention that a number of core financial audits had been conducted within operational areas of the council. It was confirmed that a total of 20 audit reviews were successfully completed during 2018/19. Significant progress had been made since the previous year through the introduction of a formalised programme board structure based on the Councils new Corporate Plan.

RESOLVED: That the report be noted.

25 AUDIT COMMITTEE WORK PROGRAMME

The draft Audit Committee work programme was submitted for information. Members were informed that further items would also be placed on the agenda for the planned meeting in March 2020.

RESOLVED: That the report be noted.

26 DATE OF NEXT MEETING

Members were informed that the next meeting would take place on 12 December. It was also likely that a further meeting would be scheduled sometime in March, which would be confirmed in due course.

RESOLVED: That the next meeting of the Audit Committee take place on Thursday 12 December 2019.

Chairman

The following officers were in attendance at the meeting:

David Skinner	- Head of Finance & Commercial
Mike Howard	- Business Assurance Manager
Hasina Shah	- Chief Accountant (agenda items 5-7)
Harriet Baldwin	- Performance & Improvement Officer (agenda item 4)
Iram Malik	- Democratic Services