

## **AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in Chamber Suite 3 on Monday 22<sup>nd</sup> June 2015 at 1000 hours.

### **PRESENT:-**

Independent Member:-

Mr. J. Yates in the Chair

Members:-

Councillor J.A. Clifton, M. Dooley, S.W. Fritchley, D. Mcgregor, K. Reid and A.M. Syrett.

Officers:-

B. Mason (Executive Director – Growth), J. Williams (Interim Head of Internal Audit Consortium), D. Clarke (Assistant Director – Finance and Revenues & Benefits), T. Fletcher (Chief Accountant) and A. Brownsword (Governance Manager)

### **0127. APOLOGIES**

There were no apologies for absence.

### **0128. URGENT ITEMS OF BUSINESS**

The Chair consented to the following urgent item of business being raised after Agenda Item 5.

KPMG Technical Update : Bolsover District Council June 2015

### **0129. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **0130. MINUTES – 2<sup>ND</sup> JUNE 2015**

Moved by Councillor S.W. Fritchley and seconded by Councillor M. Dooley  
**RESOLVED** that the minutes of a meeting of the Audit Committee held on 2<sup>nd</sup> June 2015 be approved as a true and correct record.

## AUDIT COMMITTEE

### **0131. REPORT OF THE EXTERNAL AUDITOR (KPMG): ANNUAL AUDIT FEE 2015/16**

The Executive Director – Operations presented the report which gave details of the letter containing the Annual Audit Fee 2015/16 from KPMG.

It was noted that the national contract would come to an end in 2017 and a procurement exercise would need to be carried out. The current Audit fees were significantly reduced from previous levels, but it should be noted that they did not cover additional work concerning information requests from the public etc which could be quite expensive.

Moved by Councillor A.M. Syrett and seconded by Councillor K. Reid  
**RESOLVED** that the Annual Audit Fee 2015/16 from KPMG, be noted.

### **0132. URGENT ITEM FROM KPMG: TECHNICAL UPDATE : BOLSOVER DISTRICT COUNCIL JUNE 2015**

The Executive Director – Operations presented the Technical Update from KPMG and noted that the update was provided as part of the contract with KPMG.

KPMG were providing some training sessions which were open to Audit Committee Members should they wish to attend.

Moved by Councillor M. Dooley and seconded by Councillor A.M. Syrett.  
**RESOLVED** that the report be noted.

### **0133. REPORT OF THE INTERNAL AUDIT CONSORTIUM: INTERNAL AUDIT CONSORTIUM ANNUAL REPORT 2014/15 TO BOLSOVER DISTRICT COUNCIL**

The Interim Head of Internal Audit Consortium presented the report which gave a summary of the internal work undertaken during 2014/15, from which the opinion on the internal control environment is derived.

It was noted that 88% of audits carried out had been rated good or satisfactory which built on the success of last year's audits. Only three audits had been rated marginal. None had been rated unsatisfactory or unsound.

Four new performance targets were being added for 2015/16 which were:

## AUDIT COMMITTEE

- To issue internal audit reports within 10 days of the close out meeting.
- Number/proportion of audits completed within time allocation
- % 2015/16 agreed recommendations implemented
- Quarterly reporting to standards and audit committee

There was overall confidence in the internal control systems and good systems of governance were in place.

Members congratulated the Interim Head of Internal Audit Consortium on the report.

Moved by Councillor S.W. Fritchley and seconded by Councillor M. Dooley  
**RESOLVED** that the Internal Audit Consortium Annual Report for 2014/15 be noted.

### **0134. REPORT OF THE INTERNAL AUDIT CONSORTIUM: SUMMARY OF PROGRESS ON THE 2014/15 AND 2015/16 INTERNAL AUDIT PLANS**

It was noted that the 2014/15 Internal Audit Plan had previously been reported to Committee. Between the middle of February 2015 and the middle of June 2015, the section had been operating at reduced staffing levels due to a member of staff leaving the team for a post elsewhere. The post had now been recruited with performance kept under review and remedial action taken if necessary.

Moved by Councillor K. Reid and seconded by Councillor A.M. Syrett  
**RESOLVED** that the report be noted.

### **0135. REPORT OF THE EXECUTIVE DIRECTOR – OPERATIONS: DRAFT STATEMENT OF ACCOUNTS (INCLUDING ANNUAL GOVERNANCE STATEMENT) 2014/15**

The Executive Director – Operations presented the report and explained that it was part of the responsibility of the Chief Finance Officer to prepare the Draft Statement of Accounts for external audit. The Draft Statement of Accounts was submitted to Audit Committee for Members' information and to demonstrate that they had been produced in a timely manner. Although the Statement presented was essentially the final draft further changes could be made before the accounts were provided to KPMG the Council's external auditors on 30<sup>th</sup> June 2015.

The Committee noted that the accounting policies had been amended to reflect the fact that the crematorium amount was no longer included. This change in accounting policy had been discussed with KPMG and the Executive Director was of

## AUDIT COMMITTEE

the view that the amendments to the policies improved the usability of the accounts. With regard to the Annual Governance Statement the position in respect of S106 agreements was discussed, however, it was agreed that the issues were not sufficiently important to include within the Governance Statement.

While reduced staffing levels clearly had a potential impact upon both services to the public and internal control, the Council was aware of these risks and was actively working to mitigate them. The outturn position was noted. The Executive Director – Operations informed Members that a Growth Protection reserve had been established to protect against late appeals concerning NNDR valuations that were heard on a five year rolling programme.

Members asked a number of questions and a discussion took place regarding the need to attract a range of employers into the District to pursue the growth strategy.

Members and the Executive Director – Operations thanked officers for undertaking the work involved in preparing the Statement of Accounts in a timely fashion.

Moved by Councillor S.W. Fritchley and seconded by Councillor K. Reid.

**RESOLVED** that (1) the Audit Committee note that the Executive Director – Operations in his capacity as Chief Financial Officer will sign off the draft 2014/15 accounts on behalf of the Council,

(2) that Audited Statement of Accounts 2014/15 be brought to this Committee at its meeting on 23<sup>rd</sup> September 2015 for approval on behalf of the Council.

(Executive Director – Operations)

### **0136. REPORT OF THE EXECUTIVE DIRECTOR – OPERATIONS: ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

The Executive Director – Operations commented that the Internal Audit Consortium played a key role in ensuring that the Council operated effectively, and that the Audit Committee had worked hard to ensure that audit recommendations were implemented. The support of the Audit Committee had been fundamental in securing a turnaround in the internal control arrangements of the Council. .

The Executive Director then outlined the evidence provided within the report that the Internal Audit Service was one on which the Council could place reliance upon to undertake an independent review of the systems of internal control. Members noted this assessment. A potential weakness of Internal Audit was highlighted being that there was only one qualified accountant within the Audit Consortium. It was,

## AUDIT COMMITTEE

however, noted that this issue was being addressed by providing the opportunity for a staff member to train for a professional qualification. While there was currently only one professionally qualified member of staff all other members of the team had a full Accounting technician qualification.

A discussion took place regarding the potential impact of the loss of key members of staff and the level of the Council's financial reserves.

Moved by Councillor K. Reid and seconded by Councillor M. Dooley

**RESOLVED** that (1) the views of the Chief Financial Officer be considered in his assessment of the Internal Audit Service during the 2014/15 financial year which is that:

'It is my opinion that the Council's Internal Audit function which is provided as a joint service between Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council carries out this function competently and to a high standard. The Consortium provides an effective service which I can place reliance on'

(2) the Audit Committee make any comments which they consider to be appropriate either on the contents of this report or on the opinion of the Chief Financial Officer regarding the effectiveness of the Internal Audit Service.

### **0137. REPORT OF THE EXECUTIVE DIRECTOR – OPERATIONS: KEY ISSUES OF FINANCIAL GOVERNANCE**

The Executive Director – Operations presented the report which updated Members on the main issues of financial governance. It was noted that the Council had worked hard to achieve a balanced budget and was in a good position to tackle further austerity measures.

Moved by Councillor S.W. Fritchley and seconded by Councillor K. Reid

**RESOLVED** that the report be noted.

The meeting concluded at 1110 hours.