

## **AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber on Tuesday 12<sup>th</sup> July 2016 at 1400 hours.

### **PRESENT:-**

Members:- Councillors J.A. Clifton, S.W. Fritchley, D. McGregor, and A.M. Syrett.

Officers:- B. Mason (Executive Director – Operations), D. Clarke (Assistant Director – Assistant Director Finance, Revenues and Benefits), J. Williams (Head of Internal Audit) and D. Cairns (Senior Governance Officer, North East Derbyshire District Council).

Also in attendance were T. Crawley (Audit Team Lead – KPMG) and K. Meats (Audit Manager, KPMG).

Councillor A.M. Syrett (Vice-Chair) in the Chair

*Before the meeting began, the Committee observed a minute's silence in memory of John Yates, the Independent Member who had chaired the Committee for many years. The Committee also agreed that it would write to Mr Yates' family to express its gratitude for the years of service that he had given to the Committee.*

### **0148 APOLOGIES**

Apologies for absence had been received on behalf of Councillor M.J. Dooley.

### **0149 DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **0150 URGENT ITEMS OF BUSINESS**

There were no urgent items of business to consider.

### **0151 MINUTES – 12<sup>TH</sup> APRIL 2016**

The minutes were moved and duly seconded.

**RESOLVED** that the minutes of an Audit Committee meeting held on 12<sup>th</sup> April 2016 be approved as a correct record.

## **AUDIT COMMITTEE**

### **0152       REPORTS OF KPMG THE COUNCIL'S EXTERNAL AUDITORS; TECHINICAL UPDATE INCORPORATING THE EXTERNAL AUDIT PROGRESS REPORT**

Committee considered a report of the External Auditor, KPMG, which provided an update on the progress of the external audit process and advised the Committee of a number of technical updates.

From KPMG's initial work on the audit of the Council's Statement of Accounts they advised that the Council may need to include reference to the possible implications following the EU Referendum result, which occurred after the accounts were published.

The report set out a number of KPMG's recent publications and Members were informed that updates on the impact of the EU referendum result could be accessed via a portal on the KPMG website, which was free to access.

The committee were also advised of technical developments related to highway network assets (which the Council confirmed it did not hold); the timeframes for the exercising of electors' rights in relation to questioning the accounts; exemptions for tax and national insurance for councillors' travel expenses; a National Audit Office report on English devolution deals; and proposed changes to business rates and core grants.

Members discussed the role of cities in devolution deals and it was noted that there was a trend in focusing on cities as economic hubs as the basis for devolution deals, however deals were also being negotiated in rural areas.

Members also discussed that proposed changes to business rates and core grants could have a significant impact upon the Council, however the details of these changes were still unknown and there was uncertainty in whether the reforms would be undertaken due to the changes in national government.

It was moved and duly seconded that the report be noted.

**RESOLVED** that the report be noted.

### **0153       REPORTS OF THE EXECUTIVE DIRECTOR – OPERATIONS; FINANCIAL OUTTURN 2015/16**

Committee considered a report of the Executive Director – Operations in relation to the Council's financial outturn for the 2015/16 financial year, which was considered by Executive on 11 July 2016.

The Council has closed its financial accounts for 2015/16 in line with the target date of 31 May 2016 which had been set to reflect the forthcoming change in the statutory deadline. The draft Statement of Accounts 2015/16 were now subject to the independent audit from the Council's external auditors, KPMG.

The final audited accounts would be reported for approval to the Audit Committee at its meeting on 21 September 2016.

## AUDIT COMMITTEE

The report provided information on the outturn position in respect of the following:-

- General Fund Revenue Account
- Housing Revenue Account
- The Council's Capital Investment Programme
- Treasury Management Activities

It was noted that significant commitments had recently been made against the Transformation Reserve, relating to initiatives to promote the Council's growth and transformation agenda to help to ensure the future financial sustainability of the Council.

The Committee noted that the Efficiency Grant that had been available to the Council would be ending in 2018/19.

The Committee were advised that officers had recently completed work on identifying where it may be possible to reduce budgets for 2016/17 and future years from evidence from the 2015/16 outturn, in order to secure a contribution to the Council's savings targets.

Members discussed whether under-spends in relation to service area budgets had any impact on the performance of service levels or standards. The Executive Director – Operations advised that service performance was measured against agreed service plans and was regularly monitored. Members discussed concerns specifically in relation to the performance in the joint Environmental Health service and it was moved and seconded that the Committee recommend to the Healthy, Safe, Clean and Green Communities Scrutiny Committee that it consider undertaking a review of the performance of the joint Environmental Health Service.

### RESOLVED -

- (1) That the Audit Committee recommends to the Healthy, Safe, Clean and Green Communities Scrutiny Committee that it consider undertaking a review of the performance of the joint Environmental Health Service.
- (2) That the report be noted.

### 0154            **REPORTS OF THE EXECUTIVE DIRECTOR – OPERATIONS; KEY ISSUES OF FINANCIAL GOVERNANCE**

Committee considered a report of the Executive Director – Operations in relation to the Key Issues of Financial Governance.

The report included details of progress covering the most significant issues raised by external and internal audit, and other issues related to the overall progress of the Council's financial governance arrangements. These included:

- Taking effective steps to balance the Council's budget over the period of the Medium Term Financial Plan
- Improving the Council's Internal Control arrangements

## **AUDIT COMMITTEE**

- Ensuring that issues around the Council's contractual arrangements
- Maintaining a high standards of external financial reporting particularly in respect of the published accounts, against a background of a reduction in the statutory timescale for the closure of accounts.

The Committee were advised that there were a number of areas of uncertainty that could impact upon the Council's financial position in the future, including proposed reforms to the New Homes Bonus, proposed reforms of National Non-Domestic Rates, possible implications of the Autumn budget and the possible impact of the EU referendum result.

It was moved and duly seconded that the report be noted.

**RESOLVED** that the report be noted.

The meeting concluded at 15:15 hours.