

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber on Wednesday 21st September 2016 at 1400 hours.

PRESENT:-

R.J. Jaffray (Cooptee Member) in the Chair

Members:-

Councillors J.A. Clifton, S.W. Fritchley, D. McGregor, T. Munro, A.M. Syrett.

Officers:-

B. Mason (Executive Director – Operations), D. Clarke (Assistant Director –Finance, Revenues and Benefits), S. Yates (Senior Audit, Internal Audit) and A. Bluff (Governance Officer).

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

0300. APOLOGY

An apology for absence was received on behalf of Councillor M.J. Dooley.

0301. URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

0302. DECLARATIONS OF INTEREST

There were no declarations of interest made.

0303. MINUTES – 12TH JULY 2016

Moved by Councillor S.W. Fritchley and seconded by Councillor D. McGregor
RESOLVED that subject to the inclusion of Councillor T. Munro in the list of Members present at the meeting, the Minutes of an Audit Committee meeting held on 12th July 2016 be approved as a correct record.

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0304. REPORTS OF THE EXTERNAL AUDITOR (KPMG) REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2015/16

Committee considered a report of the External Auditor, KPMG, regarding the ISA 260 report 2015/16, in relation to the Council's financial statements for the year ended 31st March 2016.

Committee were also requested to note and consider the Management Representation letter attached as an appendix to the report which the Chair of the Committee and the Chief Financial Officer would be required to sign on behalf of the Council.

KPMG had received complete draft accounts on 31st May ahead of the DCLG deadline and noted that these were of the same high standard as last year.

The report represented a good outcome for the Authority with no material adjustments identified. The External Auditors anticipated giving an unqualified opinion in respect of the accounts by 30th September 2016.

In relation to Value for Money, KPMG had concluded that the Authority had made proper arrangements to ensure it had taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

In respect of the control environment for key financial systems relating to HRA Repairs and Maintenance, KPMG had highlighted three areas of insufficient control. As a result, additional work had been undertaken by KPMG. Additional work had also been undertaken in relation to reviewing the Council's Exit Packages. Full details of the findings with KPMG's recommendations were provided in the report. It was also highlighted that this additional work by KPMG would impact on their fee.

In response to a Member's query, the Executive Director – Operations replied that officers were working with the Housing department and had a good understanding of the issue – training for staff would also be provided to address the issue.

Members thanked KPMG and the Finance team for their work in producing and auditing the Council's Statement of Accounts 2015/16.

Moved by Councillor A.M. Syrett and seconded by Councillor S.W. Fritchley

RESOLVED that (1) the report of the External Auditors, KPMG, be noted,

(2) the Letter of Representation appended to the report be approved and Audit Committee authorises the Chair of Audit Committee and the Chief Financial Officer sign the Letter on behalf of the Council.

(Mrs J Jaffray (Chair)/Chief Financial Officer)

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0305. REPORTS OF THE EXECUTIVE DIRECTOR – OPERATIONS BOLSOVER DISTRICT COUNCIL STATEMENT OF ACCOUNTS 2015/16

Committee considered a report which sought approval of the Council's audited Statement of Accounts for 2015/16.

The outturn position for the Council's accounts had previously been reported to the Executive and to the last meeting of Audit Committee held on 12th July. The work undertaken by KPMG on the accounts did not require the Council to make any amendments in respect of the overall outturn position on the General Fund Revenue Account, Housing Revenue Account or the Capital Programme.

The Executive Director – Operations stated that he wished to thank the finance team for preparing the accounts and the Auditors (KPMG), for the way in which the audit had been conducted.

It was noted that should any minor amendments to the accounts be identified prior to 30th September 2016, these would be agreed by the Chief Financial Officer, in consultation with the Chair or Vice Chair of the Committee. Any such changes would only be made with the agreement of KPMG and would be reported back to the next meeting of Audit Committee.

Moved by Councillor A.M. Syrett and seconded by Councillor T. Munro

RESOLVED that (1) the audited Statement of Accounts in respect of 2015/16 be approved,

(2) delegated powers be granted to the Chief Financial Officer in consultation with the Chair or Vice Chair of Audit Committee to agree any changes which may be necessary in order to ensure the finalisation of the external audit currently being concluded by the Council's external auditors, KPMG, to ensure completion of the Statement of Accounts by 30th September 2016.

(Chief Financial Officer)

0306. REPORTS OF THE INTERNAL AUDIT CONSORTIUM; FIGHTING FRAUD AND CORRUPTION LOCALLY

Committee considered a report which informed Members of "The Local Government Counter Fraud and Corruption Strategy 2016 – 2019" and to report an assessment of the Council's position against the Fighting Fraud and Corruption Locally Checklist 2016 - 2019.

Fighting fraud and corruption locally was a strategy for English local authorities that had resulted from collaboration by local authorities and key stakeholders from across the counter fraud landscape. A link to the full strategy and the associated Companion document was provided in the report. A link to CIPFA's Fraud and Corruption Tracker Summary Report 2016, which was an annual survey of the fraud and corruption detected in local authorities across the UK, was also provided in the report.

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The 2016 – 2019 Fighting Fraud and Corruption checklist had been completed by the internal Audit Consortium Manager and the Executive Director - Operations in conjunction with other relevant officers of the Council.

The completion of the checklist showed that the Council could demonstrate that it had a good anti-fraud culture and that there were appropriate and proportionate measures in place to prevent and detect fraud. An action plan had been developed to address any issues arising and the implementation of the action plan would further strengthen the anti-fraud culture.

Moved by Councillor S.W. Fritchley and seconded by Councillor D. McGregor
RESOLVED that (1) the Local Government Counter Fraud and Corruption Strategy 2016 – 2019 be noted,

(2) the Council's position shown in the 2016 – 2019 Fighting Fraud and Corruption Checklist and corresponding Action Plan be noted.

0307. REPORTS OF THE INTERNAL AUDIT CONSORTIUM; SUMMARY OF PROGRESS ON THE 2016/17 INTERNAL AUDIT PLAN

Committee considered a report regarding progress made by the Internal Audit Consortium, during the period 25th March 2016 to 9th September 2016, in relation to the 2016/17 Internal Audit Plan. The report included a summary of Internal Audit Reports issued during the period and work in progress.

Attached as an appendix to the report was a summary of reports issued covering the period 25th March 2016 – 9th September 2016, for audits included in the 2015/16 and 2016/17 Internal Audit Plans.

The Appendix showed for each report a summary of the Overall Audit Opinion on the audit and the number of recommendations made / agreed where a full response had been received.

In respect of the audits being reported, it was confirmed that there were no issues arising relating to fraud that needed to be brought to the Committee's attention.

The following audits were currently in progress:

- Section 106
- Housing Benefits and Council Tax Support
- Treasury Management
- Council Tax

In response to a Member's query with regard to the marginal report in relation to taxi licensing, the Executive Director – Operations noted that Internal Audit were working with the Licensing section staff to ensure that policies and procedures were followed and safeguarding issues taken in to account.

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Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

0308. REPORTS OF THE EXECUTIVE DIRECTOR – OPERATIONS; BUDGET MONITORING REPORT QUARTER 1 – APRIL TO JUNE 2016

Committee considered a report of the Executive Director – Operations in relation to the first quarter of budget monitoring for the period April 2016 to June 2016. The report had been presented to Executive on 5th September 2016.

While the monitoring process had identified a range of variances at this stage in the financial year, on the basis of the available evidence, officers were of the view that the outturn position at the end of the year would be in line with approved budgets.

Financial issues and implications were covered in the relevant sections throughout the report and in summary these were:

General Fund;

The monitoring position showed a net favourable variance position in the first quarter of £0.300m.

HRA;

The HRA is showing a net over spend/ under achievement of income in the first quarter of £0.020m.

Capital Expenditure;

There are no areas of concern to report regarding the capital programme in the first quarter of 2016/17.

Capital Income;

The Council has sufficient capital resources in place to finance the actual expenditure and commitments of the capital programme at the end of the first quarter.

Treasury Management;

There are no significant areas of concern to report regarding Treasury Management activities in the first quarter of 2016/17.

A Member noted from the report and raised concern that a substantial amount of section 106 monies needed to be spent by December 2016. The Executive Director – Operations replied that there were tight managerial arrangements regarding section 106 monies and not all were the responsibility of the Council, for example, Derbyshire County Council (education) and other partners, who needed to work with the Council. The Assistant Director – Finance, Revenues and Benefits added that in future relevant amounts from the section 106 funding would go directly to the other agencies (eg Derbyshire County Council) who were responsible for delivering those elements of the agreement.

Moved by Councillor D. McGregor and seconded by Councillor S.W. Fritchley
RESOLVED that the report be noted.

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0309. REPORTS OF THE EXECUTIVE DIRECTOR – OPERATIONS; STRATEGIC RISK REGISTER

Committee considered a report which updated Members on the Council's Strategic Risk Register and Partnership Working. The Strategic Risk Register was agreed by Executive at its meeting on 5th September 2016.

One of the key purposes of the report was to set out the risks that had been identified and to encourage both Members and Officers to actively consider whether the Strategic Risk Register and supporting Service Risk Registers appropriately covered all of the issues facing the Council.

The section of the report which related to Partnerships, served to highlight the extent of those working arrangements, together with the mechanisms which were in place for their successful management.

Moved by Councillor D. McGregor and seconded by Councillor S.W. Fritchley
RESOLVED that the report be noted.

0310. REPORTS OF THE EXECUTIVE DIRECTOR – OPERATIONS; KEY ISSUES OF FINANCIAL GOVERNANCE

Committee considered a report which provided an update to Members concerning the key issues of financial governance where further progress or ongoing monitoring was required.

The Strategic Issues, which were outlined in the report, were consistent with the conclusions of the External Auditor's (KPMG) report on the outcome of the 2015/16 Audit

The key messages from KPMG's report were that they were in a position to issue an unqualified opinion on the Statement of Accounts by the 30th September 2016 due to the quality of the Accounts and also their conclusion that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Further to Internal Audit's satisfactory assessment on Contractual Arrangements as detailed in the report, and also reflecting that it was no longer a separately identified value for money risk for External Audit, it was suggested that this issue of concern be removed from the Key Issues of Financial Governance.

While the overall conclusions were a very satisfactory outcome for the Authority, the detail of the report identified a limited number of areas where improvement was required and also helped to clarify where the Authority needed to focus efforts to ensure that existing standards were maintained.

The Executive Director – Operations noted that the Council had successfully tackled a range of issues to arrive at a position in which there were only a limited number of key areas of financial governance which raised concern. He stated that he wished to thank the Finance team and both External and Internal Audit team for their work and in

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particular the Audit Committee for its support of monitoring and evaluating progress and where appropriate both requiring and supporting further action from officers.

Moved by Councillor S.W. Fritchley and seconded by Councillor T. Munro

RESOLVED that (1) the report be noted,

(2) Contractual Arrangements be removed from the Key Issues of Financial Governance.

(Executive Director – Operations)

The meeting concluded at 1450 hours.