

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, the Arc, Clowne on Tuesday 21st November 2017 at 1400 hours.

PRESENT:-

Members:- Councillors M.J. Dooley, S.W. Fritchley, K. Reid and A.M. Syrett.

Officers:- K. Hanson (Strategic Director), D. Clarke (Assistant Director Finance, Revenues and Benefits), J. Williams (Internal Audit Consortium Manager), S. Yates (Senior Auditor), D. Bonsor (Housing Needs Manager), K. Eastwood (Interim Licensing Team Leader) (to Minute No. 0422), K. Rowland (Licensing and Enforcement Officer) (to Minute No. 0422), D. Cairns (Governance Manager (Acting)) (for Minute No. 0422 only) and A. Bluff (Governance Officer) (to Minute No. 0422).

Also in attendance at the meeting was T. Crawley, KPMG.

Councillor D. McGregor in the Chair

0413. APOLOGY

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

0414. URGENT ITEMS OF BUSINESS

The Chair advised the meeting of an exempt urgent item of business, 'Update on the Status of Equal Pay Claims', which would be considered after exempt agenda item 9 (B) Licensing Update.

0415. DECLARATIONS OF INTEREST

There were no declarations of interest made.

0416. MINUTES – 26TH SEPTEMBER 2017

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

RESOLVED that the Minutes of an Audit Committee meeting held on 26th September 2017 be approved as a correct record.

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0417. REPORT OF THE EXTERNAL AUDITOR (KPMG)

(A) Annual Audit Letter 2016/17

Committee considered a report of the Council's External Auditor KPMG, in relation to the Annual Audit Letter 2016/17.

KPMG had issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM) conclusion for 2016/17 on 31st July 2017. This meant that KPMG were satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

In reaching their VFM conclusion KPMG had considered the Authority's arrangements for making properly informed decisions, sustainable resource deployment and working with partners and third parties. This had included detailed reviews of key documents including the Medium Term Financial Plan, Corporate Plan and Growth Strategy. KPMG's work also included the discussions held with key officers throughout the year regarding the Authority's continued plans for growth, income generation and cost savings.

In last year's Annual Audit Letter, KPMG had highlighted the uncertainty with respect to probable changes to the New Homes Bonus scheme, which were confirmed during 2016/17 and also reforms to National Non Domestic Rates (NNDR), which remained to be clarified. In response to this uncertainty, the Authority had implemented an Efficiency Plan to enable it to produce a robust Medium Term Financial Plan based on prudent and reasonable assumptions.

Audit opinion – KPMG had issued an unqualified opinion on the Authority's financial statements on 31st July 2017. This meant that KPMG believed that the financial statements gave a true and fair view of the financial position of the Authority and of its expenditure and income for the year. KPMG's opinion date was significantly ahead of the 30th September statutory deadline and was enabled by the high quality working papers and efficient responses to their queries provided by officers.

Members welcomed the report and expressed their thanks to staff for their good work. The Assistant Director Finance, Revenues and Benefits would pass Members comments on to the team.

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

0418. REPORT OF THE INTERNAL AUDIT CONSORTIUM

(A) Summary of Progress on the 2017/18 Internal Audit Plan

Committee considered a report which provided an update on progress made by the Internal Audit Consortium during October 2017 in relation to the 2017/18 Internal Audit Plan.

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The report included an appendix which provided a summary of internal audit reports issued during the period and also work in progress.

In respect of the seven audits being reported, six had been classed under the top category of 'substantial' and one report had been classed as 'reasonable'. It was also confirmed that no fraud issues had been identified in respect of the areas reviewed.

The Head of Internal Audit noted that the report was a good report.
The following audits were currently in progress;

- Housing Benefits
- Council Tax
- Housing Rents
- Taxi Licensing
- Food Hygiene

Members welcomed the report and acknowledged that it was a good report.

Moved by Councillor S. W. Fritchley and seconded by Councillor K. Reid
RESOLVED that the report be noted.

0419. REPORTS OF THE ASSISTANT DIRECTOR FINANCE, REVENUES AND BENEFITS

(A) Budget Monitoring Quarter 2 – April 2017 to September 2017

Committee considered a report of the Assistant Director Finance, Revenues and Benefits, which provided an update on the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity. The report had been previously presented to Executive on 6th November 2017.

Members were advised that some items in the report had been superseded by the next item on the agenda, 'Revised Budget'.

General Fund

The Council had started the 2017/18 financial year with a funding gap of £170k. By the end of the second quarter savings of £156k had been achieved against the target which left £14k still to be achieved for a balanced budget.

Growth Directorate – Extra income received in quarter 2, additional to the budget, mainly related to planning fees. Previously, the Assistant Director Planning & Environmental Health had aligned the planning department structure in line with planning fees, however, if fees were increased in the future, then it may be necessary to have additional staffing to help deliver the work load. This would be monitored accordingly.

Operations Directorate – Extra income received in quarter 2, additional to the budget, mainly related to crematorium fees.

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Transformation Directorate – The new Go Active facility had done better than anticipated in its first year (opened in December 2016), however, this had created fluctuations in income and expenditure. Officers were working with the Leisure department in order to align budgets with trends.

Housing Revenue Account (HRA)

At the end of quarter 2 the HRA was showing a net surplus of £321k. Any under spend at the end of the year would be put into a development reserve that could be used for either HRA projects or HRA capital expenditure going forward.

Capital Programme

The Capital Programme budget was behind profiled expenditure and officers were working on re-profiling the budget – this would be reported to Executive in December 2017.

Treasury Management

The Council approved the 2017/18 Treasury Management Strategy in February 2017. Appendix 4 of the report identified the Treasury Management activity undertaken during the second quarter of 2017/18 and demonstrated that it was in line with the plans agreed as part of the Strategy. The income received from investments was currently higher than budgeted and it was anticipated that this would continue during the remainder of the financial year. A full assessment of this would be done during the half year review with a view to amending the budgets accordingly.

Moved by Councillor S.W. Fritchley and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

(B) Revised Budgets

Committee considered a report which provided information on the revised budget process carried out for 2017/18.

Members were asked to note that the report would be considered by Executive at its meeting on 4th December 2017.

As reported in the last item, at the end of the second quarter the Council had still to achieve savings of £14k from a funding gap of £170k at the beginning of the year.

Budget revisions had been carried out with budget managers who were in agreement with the budget changes proposed. It had been a clear objective in the exercise not to make any budget changes that had a significant adverse impact on the service provision being delivered.

The following table provided a summary of the savings made to close the gap which left an estimated surplus of £780k.

	£000's
Go Active Leisure Centre	105
Council Tax Increase	100
Crematorium	85

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Vacancy Management	378
Increase in Planning Income	187
Miscellaneous Expenditure Reductions	95
Total Increase in Income / Reduction in Expenditure	950

Members were advised that the surplus of £780k was a 'one off' gain and would be dependent on the actual financial performance out-turn in line with the revised budgets as further costs may be identified from restructuring processes and other variances as the year progressed.

Members were advised that the surplus generated in the financial year would be transferred into the Transformation Reserve as this would maintain the Reserve at a level where it could finance the Council's transformation plans, service developments and any restructuring costs.

The appendices to the report provided the detail of the revised General Fund operational budget for 2017/18, the revised Housing Revenue Account (HRA) budgets for 2017/18 and the revised Capital Programme for 2017/18.

Members commented that the report was a good comprehensive report.

Moved by Councillor K. Reid and seconded by Councillor M.J. Dooley
RESOLVED that the report be noted.

(C) Key Issues of Financial Governance

Committee considered a report of the Assistant Director Finance, Revenues and Benefits, which provided an update concerning the main issues of financial governance where further progress or ongoing monitoring was required.

In particular, the Key Issues of Financial Governance report reflected the issues and outcomes raised by both external and internal audit in their reports.

While the evidence provided within this report indicated that the Council's financial governance arrangements were robust and were continuing to improve, it was important that this progress was maintained and outstanding issues were resolved.

The Key Issues of Financial Governance were set out below and in the view of the Chief Financial Officer constituted the main strategic financial issues currently facing the Council;

1. Take effective steps to balance the Council's budget over the period of the Medium Term Financial Plan.
2. To improve the Council's Internal Control arrangements.
3. A report in respect of Transport Administration was assessed as unsatisfactory. The main issues concerned system weaknesses which have surrounded the introduction of a new system.

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4. Reports in respect of the administration of both Licensing and Health and Safety concluded that arrangements were marginal. Both the services concerned are joint arrangements operating across Bolsover and North East Derbyshire District councils.
5. Marginal Internal Audit reports for Social Media and S106 Agreements.
6. To maintain a high standard 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.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett

RESOLVED that the report be noted.

0420. THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Moved by Councillor D. McGregor and seconded by Councillor K. Reid

RESOLVED that under Section 100(A)(4) of the Local Government Act 1972 (as amended), the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the stated Paragraph of Part 1 of Schedule 12A of the Act and it is not in the public interest for that to be revealed.

0421. REPORTS OF THE INTERNAL AUDIT CONSORTIUM

(A) Internal Audit Report

Committee considered a report of the Assistant Director Finance, Revenues and Benefits, which provided Members with an update on a 'limited assurance' internal audit report in relation to sheltered housing.

The Assistant Director Community Safety and Head of Housing (BDC) would attend the next meeting of Audit Committee in order to address any concerns the Committee had in relation to the implementation of the recommendations.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett

RESOLVED that (1) the update be noted,

(2) the Assistant Director Community Safety and Head of Housing (BDC) attends the next meeting of Audit Committee to address any concerns the Committee may have in relation to the implementation of internal audit's recommendations.

(K. Hanson Strategic Director / Assistant Director Finance, Revenues and Benefits)

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(B) Licensing Update

Committee considered a presentation of the Interim Licensing Team Leader in relation to service improvements identified and developed in the Licensing Service.

The aim and objective of the review was to;

- Address issues of concern
- Identify service improvements
- Improve IT system (idox Uniform)
- Develop performance reporting & management
- Improve efficiency to enable officers to undertake more enforcement

Committee was advised of the actions undertaken to address the above aims and objectives, the progress to date and also the current position.

Members thanked the Interim Licensing Team Leader for the presentation and welcomed the progress made on the review of the service.

Moved by Councillor M.J. Dooley and seconded by Councillor D. McGregor
RESOLVED that the update be noted.

The Interim Licensing Team Leader and the Licensing and Enforcement Officer left the meeting.

The Governance Officer left the meeting for the following item of business.

The Governance Manager (Acting) attended the meeting for the following item of business.

0422. URGENT ITEM UPDATE ON THE STATUS OF EQUAL PAY CLAIMS EXEMPT – PARAGRAPH 3

The Leader of the Council, Councillor A. M. Syrett, provided the Committee with an update on the current status of the Equal Pay Claims made against the Council.

The claims had been split into two groups, traditional and non-traditional. The 42 traditional claims had been agreed based on them being 'rated as equivalent'. The further 79 non-traditional claims were still subject to on-going negotiations.

Once the final settlements were agreed, the Committee would receive a further update.

Members commented that the progress was helpful in providing clarity of the Council's budget position going forward.

Moved by Councillor D. McGregor and seconded by Councillor K. Reid
RESOLVED that the update be noted.

(Chief Executive Officer)

The meeting concluded at 1520 hours.