

AUDIT COMMITTEE

Meeting held in the Committee Room, Council Offices, Urban Road, Kirkby-in-Ashfield,

on Wednesday, 20th July, 2016 at 6.30 pm

Present: Councillor Kevin Rostance in the Chair;

Councillors Jim Aspinall, Jackie James,
Tom Hollis, Lachlan Morrison and
Christine Quinn-Wilcox.

Apologies for Absence: Councillors Chris Baron, Steve Carroll

Officers Present: David Greenwood, Alan Maher and
Sharon Lynch.

AC.01 Declarations of Disclosable Pecuniary and Non Disclosable Pecuniary/Other Interests.

Councillor Jackie James declared a Non-Disclosable Other Interest on Item 4 (Un-audited 2014/15 Statement of Accounts) in her capacity as the Corporate Services Portfolio Holder.

AC.02 To receive and approve as a correct record the minutes of the meeting of the Committee held on 21st March, 2016.

RESOLVED

That the minutes of the meeting of the Audit Committee held on 21 March 2016, be received and approved as a correct record.

AC.03 Draft 2015/16 Statement of Accounts.

Members were asked to consider the Council's draft Statement of Accounts for 2015/16. The Committee was required to do this in order to comply with the 'Accounts and Audit Regulations' for England.

The Deputy Chief Executive (Resources), Dave Greenwood, explained that the accounts, which had been published on the Council's web site, were intended to provide a summary of how the Authority had performed during the last financial year. Members were reminded that the accounts were still draft at this stage and that they were currently being checked by the Council's external auditors. The definitive final accounts would be ready in the autumn and submitted to the Committee for approval at its September meeting.

Dave Greenwood then gave a presentation highlighting the key points from the draft accounts. In particular, he pointed out that there had been a deficit of £268k on the General Fund, or a net underspend of £227k and that the Housing Revenue Account had achieved a surplus of £729k compared to a projected deficit of £1,579k. He went through the accounts and explained the reasons why some of the budget heads had been underspent.

Mr Greenwood also explained that the Council had achieved greater income than expected; and in this context it had received £170k more back from the Nottinghamshire Business Rate Fund than originally projected. Capital expenditure had also been nearly £2m less than originally projected.

As a consequence of these better than expected figures, the Council had been able to put more into its reserves than it had intended, which would help to reduce – albeit by a modest amount – the volume of annual savings that would have to be made as a result of reduced funding from Central Government.

Members were then informed that the Council's Insurance Funds were being reviewed to ensure that they were at the right level. They also heard about the key issues in the Annual Governance Statement, and in particular the need to now fully embed the new ways of working set out in the Procurement Strategy.

Finally, the Committee was also informed of some technical errors in the table relating to Operating Leases which had been published on the web site. The report to Committee provided Members with the correct information.

Members discussed the draft accounts and specific budget information. In particular, they were interested in what impact the budget savings would have on the level of savings which the Council would have to make. Members expressed their thanks to those involved in pulling together the draft accounts for their hard work.

RESOLVED

That the Committee notes the Statement of Accounts and the Council's Outturn position.

Reason

Reporting the unaudited position provides members with an overview of the Council's financial position.

AC.04 ADC - Internal Audit Annual Report 2015/16.

The report to Committee asked Members to approve the Annual Report of Internal Audit. This had been drawn-up by the Central Midlands Audit Partnership. The Partnership's Audit Manager, Adrian Manifold, stated that he had reached the overall opinion that there is an acceptable level of internal control within the Council's systems and procedures.

Mr Manifold explained that this opinion had been formed largely on the basis

of the work that had been carried out before the Partnership took over responsibility for the Council's Internal Audit function, at the start of January 2016. As a consequence much of this work had been undertaken when the former Interim Audit Manager was responsible for the function. The changeover in responsibility, he suggested, had led to some ambiguities in terms of the conclusions that had been reached.

Mr Manifold pointed out that several of the audit assignments had received only limited assurances about the levels of controls that are in place.

However, he went on to explain that closer examination of the audit assignments had indicated that these conclusions may have reflected process issues rather than actual problems with the services. He also suggested that changes to how the audit issues had been chosen and how the scoring methodologies had been applied could have had an impact. Mr Manifold concluded by setting out the changed approach that the Partnership had now put in place, which would remove any ambiguities in terms of next year's Internal Audit Report and give a more accurate view of the Council's position.

The Committee thanked him for his comments. Members discussed the report and the ambiguities in the information. There was a consensus that the new approach to the Annual Report of Internal Audit would provide a more accurate picture in 2017. The Committee made it clear that it welcomed the level of assurance which it had received from the Partnership, that the Council had an acceptable level of internal control within its systems and procedures in place.

RESOLVED

That the Committee approves the Annual Report of Internal Audit and the Internal Audit Opinion that supports it.

Reasons

To approve the Annual Report as part of the documentation supporting the Annual Governance Statement.

AC.05 ADC - Audit Progress Report.

Members received a summary of the work undertaken by Internal Audit since the start of the current financial year, part of which involved monitoring the progress against any outstanding recommendations from the previous year. In particular, it was explained that by the end of June 2016 two audit assignments had been concluded. These were Risk Management and Revenue Systems 2015-16. Both of the assignments had resulted in 'Reasonable' assurance ratings. Again, Members heard about the new approach that the Partnership would take in terms of the information to be included in next year's report.

RESOLVED

That the Committee notes the report.

Reasons

To enhance the effectiveness of the Council's internal audit arrangements.

The meeting closed at 8.00 pm

Chairman.