

AUDIT COMMITTEE

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

on Monday, 28th November, 2016 at 6.30 pm

Present: Councillor Kevin Rostance in the Chair;

Councillors Jim Aspinall (substitute for Councillor Chris Baron), Steve Carroll, Tom Hollis, Jackie James, Lachlan Morrison and Christine Quinn-Wilcox.

Apologies for Absence: Councillor Chris Baron.
Sophie Jenkins (KPMG).

Officers Present: Lynn Cain and David Greenwood.

In Attendance: Adrian Manifold (CMAP) and
Debbie Stokes (KPMG)

AC.12 Declarations of Disclosable Pecuniary and Non Disclosable Pecuniary/Other Interests

There were no declarations of interest made.

AC.13 Minutes

RESOLVED

that the minutes of the meeting of the Audit Committee held on 26th September, 2016, be received and approved as a correct record.

AC.14 KPMG: Annual Audit Letter 2015/16

KPMG Manager, Debbie Stokes, presented the Annual Audit Letter for 2015/16. The Letter provided a summary of the key findings from the 2015/16 audit of the Council's financial statements and the Value for Money (VFM) conclusion and confirmed the issuing of an unqualified opinion and conclusion in respect of both issues.

RESOLVED

that the Annual Audit Letter for 2015/16, as presented to the Committee by KPMG, be received and noted.

AC.15 KPMG: Technical Update

Debbie Stokes presented the Technical Update which outlined the work undertaken over the preceding three months. The unqualified opinion on the 2015/16 accounts and the conclusion certificate for the 2015/16 audit had been issued, the 2015/16 Annual Audit Letter (considered earlier on the agenda) had been produced and a debrief with officers on the 2015/16 audit process and agreed actions had already taken place.

Preliminary discussions had also started with the Council in respect of the 2016/17 Audit and to understand the current issues and priorities facing the Authority, in particular the recent bringing in-house of the housing function from Ashfield Homes and the subsequent adoption of a preferred audit approach.

RESOLVED

that the Technical Update report, as presented to the Committee, be received and noted.

AC.16 Internal Audit Progress Report

Adrian Manifold, CMAP Audit Manager, presented the report and briefly summarised the range of audit recommendation rankings which were selected and attached to completed audit reports based on the adequacy of the level of internal control in existence at the time of the audit. These were as follows:-

Comprehensive
Reasonable
Limited
None.

If a ranking of 'Limited' or 'None' were allocated to a finalised audit report, these would be brought to the attention of the Council to ensure a range of appropriate actions were put in place to alleviate any potential weaknesses and risks.

The Committee received a summary of audit progress since the last Committee meeting and this included seven completed assignments that had all received either a 'Comprehensive' or 'Reasonable' ranking. Agreements for action had already been agreed for all recommendations bar one which was considered low risk and therefore did not need Committee's specific attention.

Any agreed recommendations for action were allocated suitable implementation dates and progress against these tracked and monitored by the partnership (a task previously undertaken by the Council). A couple of older audit reports with recommendations still outstanding (prior to the partnership) were brought to the attention of Committee Members with update narratives in relation to their potential implementation and conclusion.

In relation to the previously agreed Audit Plan, a couple of changes had been made to the Plan at the request of the Deputy Chief Executive (Resources).

The partnership had been requested to provide assistance to the Council to complete the workbooks which had formed part of the external audit sample testing of benefit claims included in the Council's 2015/16 Housing Benefit Subsidy Claim. The time had been allocated from days previously assigned to the former Ashfield Homes Limited.

Following presentation of the report, the CMAP Audit Manager gave a brief update regarding progress since the Council joined the Central Midlands Audit Partnership. He highlighted the benefits of the Principal Auditor (former Council employee) being predominantly on site at the Council offices in relation to current work progress and staying on or ahead of target in relation to the agreed Audit Plan commitments for 2016/17.

Members were also advised that the partnership were due to receive an external assessment (required every 5 years) in relation to the internal audit service provided to its partners. The partners would be sharing the cost of the assessment exercise and the Council would be funding a share of around 14% of the total charge. The partnership was currently examining how best to collectively procure the external assessment service and to determine how each of the partners will be involved in the commissioning and selection process.

RESOLVED

that audit assignment progress as at 28th November, 2016, as presented to Committee, be received and noted.

Reason:

To ensure Members are kept fully informed of progress against the agreed Audit Plan.

(During consideration of this item, Councillor Tom Hollis entered the meeting at 6.43 p.m.)

AC.17 Non-Compliance with Financial Regulations

The Deputy Chief Executive (Resources) presented the report and firstly extended his gratitude to the Corporate Finance Manager for her hard work and commitment towards producing the report now presented to Committee.

The report detailed the extent of, and reasons for, non-compliance with Financial Regulations by service areas across the Authority in relation to the ordering of goods and services. A study had been undertaken in 2015 and having identified significant weaknesses in relation to compliance, numerous training sessions were held to restate the importance of raising and processing purchase orders correctly.

Since then, the position has continued to improve and Members' attention was drawn to the table, as attached to the report, which outlined the reducing percentage of non-compliant invoices raised within the Authority. The overall figures were now down to 25% but it was noted that continuing improvements and compliance were expected over the coming months.

Committee were also asked to note that the calculations had taken into account certain categories of goods and services (i.e. energy costs) that were difficult to predict in advance and had resulted in certain 'exceptions' being approved whereby the requirement for a purchase order had been permanently waived.

It was agreed that an update report be presented back to the next meeting of the Committee.

RESOLVED that

- a) the report, be received and noted;
- b) an update report be presented to the next meeting of the Committee for consideration.

Reasons:

The Audit Committee has a duty to consider the Authority's compliance with its own published standards and controls as part of the maintenance of an effective control and governance framework. It is also responsible for overseeing the Council's anti-fraud strategy.

The meeting closed at 7.05 pm

Chairman.