

## **AUDIT COMMITTEE**

**Meeting held in the Committee Room, Council Offices, Urban Road, Kirkby-in-Ashfield,  
on Monday, 3rd December, 2018 at 7.00 pm**

**Present:** Councillor Kevin Rostance in the Chair;  
Councillors Tony Brewer and Jackie James.

**Apologies for Absence:** Councillors Rachel Madden and Paul Roberts.

**Officers Present:** Lynn Cain, Ruth Dennis and Peter Hudson.

**In Attendance:** Helen Brookes (Mazars), John Cornett (KPMG)  
and Mandy Marples (CMAF).

### **AC.08 Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests**

No declarations of interest were made.

### **AC.09 Minutes**

RESOLVED

that the minutes of the meeting of the Audit Committee held on 24<sup>th</sup> July, 2018,  
be received and approved as a correct record.

### **AC.10 KPMG: Annual Audit Letter 2017/18**

KPMG Manager, John Cornett, presented the Annual Audit Letter for 2017/18. The Letter provided a summary of the key findings from the 2017/18 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.

There had been four key risks identified as part of the 2017/18 audit in respect of Management Override of Controls, Valuation of PPE, Pensions Liabilities and Faster Close, however management had accepted all the recommendations arising from the audit work and had ensured that a suitable mitigation plan had been duly implemented. With regard to the Faster Close, it had been recommended to the Council that it worked more closely with its third parties in future to ensure they were aware of the revised deadlines and had a suitable programme in place to ensure timely output of work as required.

In relation to the VFM conclusion, only one high priority recommendation had been identified in relation to the Authority's liquidity position following work being carried out on two significant matters namely, Delivery of Budgets and Investment Properties. Notwithstanding the fact that KPMG had accepted that the Council's cash flow position had significantly changed since the audit work had been carried out earlier in the year, a high risk recommendation had still been included to ensure the Authority regularly reviewed its cash flow/borrowing requirements to provide for adequate cash balances throughout the financial year.

Committee were asked to note that there would be a further audit fee of £1,500 in addition to the set scale fee of £56,036 (excluding VAT) due to some additional work being undertaken in respect of the new VFM risk identified in 2017/18 as part of the planning process and as identified in the Audit Plan.

Following presentation of the Audit Letter, the Chairman took the opportunity to thank John and KPMG, on behalf of the Committee, for their excellent service to the Authority over the past few years. In return, John thanked the Finance Team and Members (through the work of the Audit Committee) for their staunch support in ensuring the external audit process was undertaken each year in a proficient and resolute manner.

To conclude, the Chairman welcomed Helen Brookes, Audit Manager for Mazars, to the Committee and Members. Mazars had been commissioned to provide external audit services to the Council from the 2019/20 financial year onwards.

RESOLVED

that the Annual Audit Letter for 2017/18, as presented to the Committee by KPMG, be received and noted.

#### **AC.11 Annual Review of the Local Code of Corporate Governance**

The Director of Legal and Governance (and Monitoring Officer) presented the report and requested Members to consider the revised Local Code of Corporate Governance and note the improvement actions as outlined in the 2017/18 Annual Governance Statement.

A detailed piece of work had been undertaken in the previous year in relation to anti-fraud measures which had formed part of the Local Code of Corporate Governance, setting out the Council's governance arrangements based on guidance published by CIPFA. It was agreed that the Code would be subject to an annual review and would inform the governance framework and the Annual Governance Statement for the forthcoming year.

RESOLVED that

- a) the recent review of the Local Code of Corporate Governance be noted;
- b) approval be given to the suggested changes to the Code as set out in the report and Appendix 1;

- c) the progress made in relation to the actions outlined in the 2017/2018 Annual Governance Statement be received and noted;
- d) the proposed process for the preparation of the 2018/2019 Annual Governance Statement be also noted.

Reason:

It is best practice for the Local Code of Governance to be reviewed annually to inform the Governance Framework for the following year.

## **AC.12 Audit Progress Report**

Mandy Marples, CMAP's Audit Manager, presented the report and summarised the audit progress as at 31st October, 2018 with 6 assignments having reached their conclusion during the period. With the agreement of the Director of Legal and Governance (and Monitoring Officer), a change was made to the Audit Plan in October 2018 to enable Internal Audit to assist the Council with an investigation.

As a result of the change, the audits on Strategic Housing, Outdoor Recreation, Customers Services, the Corporate Improvement Programme and Digital Transformation had been withdrawn from the 2018/19 Internal Audit Plan but it was acknowledged that this change would not affect the overall positive coverage of Council services via the Audit Plan.

Members were advised that of the 6 completed assignments, the Contract Management review has only received a Limited assurance and as a result, 4 actions had been agreed by management, with a completion date of 1<sup>st</sup> December, 2018, to address the issues raised.

Members took the opportunity to ask questions concerning the outstanding significant and moderate risk recommendations and what actions were taken by management to escalate and address the issues to ensure compliance as necessary.

**RESOLVED**

that audit assignment progress as at 31st October, 2018, as presented to Committee, be received and noted.

Reason:

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

The meeting closed at 7.35 pm

Chairman.