

HARBOROUGH DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE

Held in

The Council Chamber, The Symington Building, Adam and Eve Street, Market Harborough

On 22nd September 2016

commencing at 6.31p.m.

Present:

Councillor Rook (Chair).

Councillors: Mrs. Burrell, Elliott, Hadkiss, Liquorish and Mrs Wood.

Officers:, S. Riley and P. Storey.

Welland Internal Audit Consortium: R. Ashley-Caunt and T. Croote.

External Auditors (KPMG LLP): T. Crawley and S. Gill.

233 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTIONS

There were none.

234 MINUTES

RESOLVED:

That the Minutes of the Meeting of the Governance and Audit Committee held on 27th July 2016 be taken as read and signed by the Chairman as a true record.

235 DECLARATIONS OF MEMBERS' INTERESTS

There were none.

236 ANNUAL GOVERNANCE REPORT OF THE EXTERNAL AUDITOR (IAS260) FOR 2015/16

The Committee considered the External Auditor's Annual Governance Report (IAS260) for 2015/16, attached at Appendix A to the report. The letter of representation attached at Appendix B to the report was required to be signed by the Chairman of the Committee and the S151 Officer in order for the External Auditor to sign off the accounts by 30th September 2016.

The Committee NOTED that:

- (i) The External Auditor anticipated issuing an unqualified audit opinion on the Authority's financial statements following approval of the statement of Accounts by the Committee at a later agenda item at this meeting.
- (ii) No material misstatements had been identified. One uncorrected audit adjustment had been identified relating to the omission of £27K Section 31 accrued income. Officers had not corrected this as it did not have a material impact on the financial statements. The Committee was satisfied with this decision.
- (iii) A small number of minor presentational adjustments had been identified and were required.

- (iv) The Annual Governance Statement complied with *Delivering Good Governance in Local Government: A Framework*, published by CIPFA/SOLACE, and was not misleading or inconsistent with other information the External Auditor was aware of from their audit of the 2015/16 financial statements.
- (v) The External Auditor had concluded that the Authority had made proper arrangements in respect of value for money to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.
- (vi) Recommendations contained in the report had been given a risk rating and the External Auditor would formally follow up the recommendations during 2016/17, as part of the 2016/17 audit

The Committee asked to receive, for information, details of the Council's receipts of income in addition to the details of expenditure which were already reported.

The Committee was happy to approve the wording of the letter of Representation contained at Appendix B to the report, which would be signed following the meeting.

Members expressed thanks to the External Audit team for their work.

RESOLVED

- (i) That the Annual Governance Report of the External Auditor (IAS260) for 2015/16 at Appendix A of the report be noted.
- (ii) That the wording of the Letter of Representation at Appendix B of the report be approved.

237 FINANCIAL STATEMENTS 2015/16

The Committee considered the Council's Statement of Accounts for the 2015/16 financial year, which they were asked to approve. The position statement provided Members with a timely indication of the Council's overall financial performance in advance of the statutory deadline of 30th September 2016 for the External Auditor to sign off the accounts.

The Committee noted that:

- (i) The Council's unaudited accounts for the 2015/16 financial year had been issued on 28th June 2016. The statutory deadline for the External Auditor to sign off the accounts was 30th September 2016. In an earlier report on the agenda the External Auditor had anticipated being able to issue unqualified opinions on the Financial Statements and VFM Assessment by 30th September 2016.
- (ii) The statement and other related documents had been made available for public inspection for a period of time in July 2016 following their issues, as required by the Accounts and Audit Regulations 2011.
- (iii) The Annual Governance Statement had been approved by the Committee at its meeting on 27th July 2016. The signed Statement (attached at Appendix A to the report) would be published on the Council's website alongside the Accounts.
- (iv) No changes to the overall surplus for the financial year had been made since the draft accounts were issued. On 28th June 2016. The S151 officer had not corrected the £27K Section 31 accrued income identified as part of the accounts process. There were a number of minor presentational amendments made, which was a normal part of the Audit process.
- (v) The level of reserves was high, mainly as a result of Business Rate Retention introduced during 2013 by the Government and the timing of receipts and payments. This was a very complex process and the S151 would explain the process to members during the year.

The S151 Officer requested the Committee to authorise him to make any further amendments to the Statement of Accounts 2015/16, should that prove necessary, before the final External Auditor sign-off.

The S151 officer brought to the attention of the Committee a large creditor that had been provided for a number of years ago for which no demand for payment had been made and may need to be cancelled, subject to further detailed analysis by the finance team to ensure no ongoing liability

existed. This would improve the General Fund position. Mr Crawley from KPMG confirmed that he was content for the review to be undertaken in 2016/17 of this as the current provision is a prudent treatment of this issue in respect of the 2015/16 accounts

The Committee thanked the S151 Officer and his team for their work in producing the financial statements in good time and good order,

RESOLVED

- (i) That the Statement of Accounts for 2015/16 attached at Appendix B to the report be approved.
- (ii) That the Head of Finance and Corporate Services (S151 Officer) be authorised to make any further amendments prior to formal sign off by the External Auditor by the end of September 2016.

238 INTERNAL AUDIT – PROGRESS AND PERFORMANCE UPDATE

T. Croote, from the Welland Internal Audit Consortium, presented the Committee with the current position on the progress of audit assignments up to 26th August 2016 and asked the Committee to consider a proposed amendment to the Audit Plan, as set out in the report, to include a review of Community Grants following a request from members.

The Committee noted that:

- (i) Internal audit assignments are completed in accordance with the annual internal audit plan agreed by the Committee.
- (ii) At the time of writing the report, 17% of the 2016/17 plan had been delivered to at least draft report stage and fieldwork was underway on three further assignments. The draft assignment plan had been issued for one further audit but management had requested the postponing of the review in the absence of the Financial Services Manager.
- (iii) There were currently 25 overdue recommendations, of which 21 (84%) were overdue by more than three months. Seventeen of the overdue actions (68%) were classified as high or medium risk. Details of outstanding audit recommendations were attached at Appendix B to the report.
- (iv) Committee approval was sought to amend the Audit Plan to incorporate a review of Community Grants following a request from members. It was proposed that this review be resourced from the ten days of contingency within the Audit Plan and, if approved, would commence in October 2016. It was noted that, if approved, this would leave no contingency days available for any other Internal Audit reviews which might arise during 2016/17.

RESOLVED

- (i) That the reported performance of Internal Audit, key findings of audits completed and the status of outstanding recommendations be noted.
- (ii) That the amendment of the Audit Plan to include a review of Community Grants be approved.

239 MATTERS OF SPECIAL URGENCY

None reported.

The Meeting ended at 7.15 p.m.