

HARBOROUGH DISTRICT COUNCIL

MINUTES OF THE GOVERNANCE AND AUDIT COMMITTEE MEETING

Held in The Symington Building, Adam and Eve St, Market Harborough

held on 20<sup>th</sup> September 2017

commencing at 6.30 p.m.

Present:

Chair: Councillor Rook

Councillors: Chapman, Hadkiss, Johnson and Liquorish  
Councillor (Guest and Portfolio Holder): P. King

Officers: C. Bland, S. Hamilton, B. Jolly and S. Riley

Welland Internal Audit Consortium: T. Croote

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

APOLOGIES FOR ABSENCE

An apology was received from Councillor Champion.

MINUTES

RESOLVED that the Minutes of the Meeting of the Governance and Audit Committee held on the 26<sup>th</sup> July 2017 be taken as read and signed by the Chairman as a true record.

DECLARATIONS OF MEMBERS' INTERESTS

There were none.

ANNUAL GOVERNANCE REPORT OF THE EXTERNAL AUDITOR (IAS260) FOR 2016/17

The Committee considered the External Auditor's Annual Governance Report (IAS260) for 2016/17, 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 30<sup>th</sup> September 2017.

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) Three recommendations had been raised by the External Auditors, as detailed at Appendix 1 to the report.
  1. Medium priority: The Authority should document its review of valuation assumptions to strengthen the control process.

2. Low priority: The Head of Finance and Corporate Services (s. 151 Officer) system administrator access for eFinancials system should be removed.
  3. Low priority: The Authority should ensure that the previous weaknesses are not repeated in the new payroll system.
- (iii) The Authority has implemented all of the six recommendations from the External Auditors ISA 260 report 2015/16 as detailed at Appendix 2 to the report.

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

#### RESOLVED

- (i) That the Annual Governance Report of the External Auditor (IAS260) for 2016/17 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 and duly signed by the Chairman.

#### FINANCIAL STATEMENTS 2016/17

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 30<sup>th</sup> September 2016 for the External Auditor to sign off the accounts.

The Committee noted that:

- (i) The Council's unaudited accounts for the 2016/17 financial year had been completed. The position statement provided Members with an indication of the Council's overall financial performance in advance of the 30<sup>th</sup> September statutory deadline for the External Auditor to sign off the accounts. 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 30<sup>th</sup> 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 issue, as required by the Accounts and Audit Regulations.
- (iii) The Annual Governance Statement had been approved by the Committee at its meeting on 26<sup>th</sup> July 2017. The signed Statement (attached at Appendix A to the report) would be published on the Council's website alongside the Accounts.
- (iv) The format of the accounts complies with the requirements set out in CIPFA's Code of Practice on Local Authority Accounting in the UK 2016/17.
- (v) No changes to the overall surplus for the financial year had been made since the draft accounts were issued at the end of June 2017. There were a number of minor presentational amendments made which was a normal part of the Audit process.

The Portfolio holder was questioned and answered in some detail issues raised by the Committee. The Committee thanked Councillor King for his attendance.

The Committee also 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 2016/17 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 2017.

## INTERNAL AUDIT – PROGRESS AND PERFORMANCE UPDATE

T. Croote from the Welland Internal Audit Consortium presented the Committee with the current progress against the 2017/18 Plan up to the 30<sup>th</sup> August 2017. Currently 29% of the Plan is at report stage and three have been finalised and one is currently in draft awaiting a management response. The Committee noted that one client satisfaction questionnaire had been received to date.

The Committee noted that:

- (i) At the time of writing the report, 57% of the 2017/18 plan was either complete or in progress.
- (ii) 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. Of these, 13 are classified as high or medium risk and details of outstanding audit recommendations were attached at Appendix B to the report.
- (iii) Two internal audit reports have been finalised and detailed at Appendix C to the report.
  1. The Data Quality audit report focussed on a review of the Council's updated Data Quality Strategy (DQS) and tested in detail a sample of performance indicators to assess the ongoing accuracy and reliability of data.

Based on the Internal Audit's review and testing, it was found that the Council has a robust policy and governance framework for ensuring data quality. There is a good range of performance indicators and targets linked to corporate and service objectives that are regularly reviewed and updated as part of the annual business and budget planning process. The format and content of the DQS is sound with clearly established principles and processes and well defined roles and responsibilities.

Testing of a sample of performance indicators found that most were supported by a clear audit trail, although the source data is not centrally filed and therefore not always easy to locate or verify.

Based on the audit findings, the assurance rating for both the control environment and the compliance with controls is satisfactory. The assurance rating for the organisational impact is minor. Five recommendations were made.

2. The Housing Options and Homelessness audit report looked at two key areas namely the housing allocations policy and the arrangements for dealing with homelessness applications representing value for money. A further review of 'Home Search, Housing Advice and Homeless Service' will be undertaken imminently following recent changes in legislation.

The Council's 'Preventing Homelessness Strategy 2013 – 2016 is aligned with the 'Housing Strategy'. A scoping exercise is due to take place to consolidate the strategies with a view to producing a draft strategy by the end of 2017.

Based on the audit findings, the assurance rating for the control environment is good, the compliance with controls is substantial and the organisational impact is minor. Three recommendations were made.

Members expressed thanks to Trevor and his team for their work on these audits.

RESOLVED that the Internal Audit Update, attached as Appendices A, B, C (i) and C (ii) to the report, be noted.

The meeting closed at 7.21 p.m.