

**Minutes of:               AUDIT COMMITTEE**

**Date of Meeting:**   19 July 2016

**Present:**               Councillor J Mallon (in the Chair)  
Councillors D Jones, D Silbiger, Sarah Southworth, R Walker,  
Whitby and S Wright

**Also in attendance:**   Robert Fenton – KPMG  
Rashpal Khangura - KPMG

**Public Attendance:** No members of the public were present at the meeting.

**Apologies for Absence:** Councillor S Nuttall

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#### **AU.143       DECLARATIONS OF INTEREST**

Councillor Mallon declared a personal interest in any item relating to the Department for Children, Young People and Culture as his wife is employed in a Bury High School.

Councillor Sarah Southworth declared a personal interest in any item relating to Six Town Housing as she is a Member of the Board of Directors. She also declared a personal interest in any item relating to Persona as her husband's accountancy business has been awarded the contract to audit Persona.

Councillor Jones declared a personal interest in any item relating to the Department for Children, Young People and Culture as his wife is employed in a Bury School. Councillor Jones also declared an interest in any item relating to the Standards Committee as he was a member of that Committee.

Councillor Whitby declared a personal interest in any item referring to Bury Blind and Partially Sighted People and Communic8te Bury as she was a member of both.

#### **AU.144       MINUTES OF THE LAST MEETING**

**It was agreed:**

That the Minutes of the last meeting held on 20 April 2016 be approved as a correct record and signed by the Chair.

#### **AU.145       AUDITED STATEMENT OF ACCOUNTS 2015/2016 AND ISA 260 2015/2016**

The Head of Financial Management, Andrew Baldwin, presented a report providing Members with details of the Authority's Statement of Accounts for the financial year ended March 31 2016.

The pre-audited Statement of Accounts had been approved by the Responsible Finance Officer on 27 May 2016. This was undertaken on a dry-run for the introduction of the new Statutory deadlines which will commence for the

2016/2017 Statement of Accounts, which will require approval by the Responsible Finance Officer by the 31 May 2017. The accounts had since been audited and Members of the Audit Committee noted that:-

- Two adjustments had been identified;
- One recommendation had been made. The auditors had classified this as medium risk. Actions were being taken to address this;
- The quality of the Council's accounts and working papers have remained at a high level;
- For the third year the Council was able to present its audited accounts to Members 2 ½ months earlier than the statutory deadline and KPMG are to be thanked for their part in achieving this;
- A notice will be placed advertising the completion of the audit and how members of the public can access copies of the statement and summary of accounts.

Rashpal Khangura and Robert Fenton, representing KPMG, the Council's external auditors, presented the ISA 260 for 2015/2016 alongside the Statement of Accounts. The ISA 260 summarised the key findings from KPMG's work in relation to the financial statements for the year ending 31 March 2016 and their assessment of the Authority's arrangements to secure Value for Money in its use of resources.

It was explained that KPMG had substantially completed their work on the 2015/2016 financial statements and it was anticipated that an unqualified audit opinion would be issued by 31 July 2016.

Appendix 1 set out the key issues and recommendations along with the management responses to those recommendations and the responsible officer and due date.

Steve Kenyon, the Interim Executive Director of Resources and Regulation, presented the Letter of Representation which had been signed by him and the Chair of the Audit Committee, Councillor John Mallon, to KPMG which was required before the audit opinion could be issued.

Members of the Committee were given the opportunity to ask questions and make comments and the following points were raised:-

- Councillor Walker referred to the figures relating to VER applications and asked whether there had been any compulsory redundancies.

It was explained that this information was set out on document pack pages 67 and 68 and showed that for 2015/2016 there had been no compulsory redundancies of teaching staff and 5 of non teaching staff.

- Councillor Whitby referred to the reduction in staff numbers and the fact that recruitment had been reduced and asked whether most of the staff were now at the top of their pay scales/

It was explained that the structure of the Council and the departments within it was constantly changing. Top of scales were always considered and factored into business cases.

- Councillor Silbiger referred to the increase of £5,000 to £50,000 for asset valuations and asked who authorised this change.

It was reported that the officers made the decision under guidance from KPMG and in consultation with the Lead Member. This issue was always under review across local authorities.

- Councillor Walker referred to Heritage Assets and asked whether the work in valuing this had been carried out.

It was explained that the Heritage Assets would not be included in the work carried out by KPMG but the valuation work had been completed.

- Councillor Whitby asked whether the Head of Property Services could be invited to a future meeting of the Audit Committee to explain their role and the work of their team.

**Delegated decision:**

1. That the final audited version of the Statement of Accounts for the 2015/2016 financial year be approved in line with the provisions of the Accounts and Audit Regulations 2015.
2. That the matters and issues arising from the audit and contained within the ISA (UK+I) 260 Financial Statement Report presented by KPMG be accepted.
3. That the letter of representation signed by the Interim Executive Director of Resources and Regulation and the Chair of the Audit Committee which was presented at the meeting be approved.
4. That KPMG be thanked for their support and advice during the audit process.

**AU.146 RISK MANAGEMENT ANNUAL REPORT**

The Interim Executive Director of Resources and Regulation, Steve Kenyon, presented a report from Councillor Jane Lewis, Deputy Leader of the Council and Cabinet Member for Finance and Human Resources.

The report provided Members with details of risk management activity that had taken place over the past 12 months. The report also outlined risk management policies and the key issues that would be addressed during the coming financial year.

It was explained that Risk Assessment Action Plan Registers (RAAP's) were used across departments to record identified risks and opportunities and the actions

being taken. The Council's risk management framework was outlined within the report and each of the department's progress against the risks was set out.

It was explained that as well as the department RAAP's there was also the Corporate RAAP which records the Council's most significant risks. The Corporate RAAP is reviewed continually by the Strategic Leadership Team.

Member input was sought via the Corporate Risk Management Group and quarterly reports to the Audit Committee.

Those present were given the opportunity to ask questions or make comments and the following points were raised:

- Councillor Whitby referred to the recent referendum and the decision to leave the European Union and asked whether there would be an impact on Bury Council.

It was explained that it was very early days and therefore too early to gauge any impact.

Steve Kenyon explained that the Council had sought securities from their brokers in regard to investments and had received reassurances. It was also reported to be the same opinion with regards to the pension fund.

**Delegated Decision:**

1. That the Audit Committee re-affirms its support for the Council's approach to Risk Management.
2. That the progress made throughout 2015/2016 and the actions planned for 2016/2017 be noted.

**AU.147 INTERNAL AUDIT ANNUAL REPORT 2015/2016**

The Head of Financial Management, Andrew Baldwin, presented a report summarising the work undertaken by the Internal Audit service during the 2015/2016 financial year and comparing it to the Audit Plan for the year.

The report contained an Audit Opinion which assessed the authority's control framework as "robust" and updated the Members on some of the issues facing the Internal Audit Service. It was also explained that the report would provide information to support the 2015/2016 Governance Statement, also on the agenda.

It was explained that 99% of the target chargeable days had been achieved by the Internal Audit Team, 66 final reports had been produced which contained 307 recommendations, none of which were high level. It was also reported that 99% of the recommendations had been accepted.

Appended to the report was a Review of the Effectiveness of Internal Control, an update on the Internal Audit Plan and Internal Audit Performance Indicators 1 April 2015 – 31 March 2016.

**Delegated decision:**

That the Audit Committee accept the report and endorse its suitability in support of the Governance Statement for 2015/2016.

**AU.148 ANNUAL GOVERNANCE STATEMENT 2015/2016**

The Head of Financial Management, Andrew Baldwin, presented a report introducing the Annual Governance Statement.

It was explained that Bury Council had complied with the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, in relation to the publication of a statement on internal control.

The Annual Governance Statement provides an assurance that the Governance Framework is operating effectively and reports any significant issues arising during the year. The Governance Framework comprises the systems, processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. The statement complies with CIPFA guidance and provides evidence that the Council has adopted CIPFA's six Core Principles.

The report also includes details of the key risks that the Council faced in 2015/2016, a review of the effectiveness of the governance framework including the system of internal control plus a copy of the latest Audit Commission VFM profiles, the governance arrangements in respect of group relationships and a number of the challenges facing the Council in 2016/2017.

It was explained that it was a legal requirement for every Council to produce an annual governance statement and that Bury Council also produces a quarterly report in line with best practice.

**Delegated decision:**

That the Annual Governance Statement 2015/2016 be accepted.

**AU.149 EXCLUSION OF PRESS AND PUBLIC**

**Delegated decision:**

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

**AU.150 REPORT ON THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2015/2016**

Andrew Baldwin, Head of Financial Management, submitted a report summarising the work carried out by the Audit Committee over the 2015/2016 Municipal Year which showed the effectiveness of the Committee. Included in the report was a copy of one of the self-assessment checklists that had recently been sent out for Members to complete which helped to demonstrate that CIPFA guidance was being complied with.

Comments received from the self assessment checklists would be addressed both individually and collectively, where required, through the production of an action plan.

The future meetings of the Audit Committee were set out within the report and the proposed items to be considered at those meetings was also set out.

Members were asked to consider any topics that they would like the Audit Committee to consider for future training sessions and the following were put forward:-

Councillor Walker referred to the work of the Audit Committee and asked if it would be possible for the Committee to look at a specific project and monitor its progress from start to finish. He stated that he had asked a specific question in relation to the regeneration work being carried out in Radcliffe and wondered whether this could be the project.

It was explained that the work and remit of the Audit Committee was to consider the governance arrangements of the Council as a whole rather than individual projects.

Councillor Silbiger asked how the work of the Internal Audit Team was planned and it was explained that some of the work was cyclical, most was risk based and some was as and when required. Core systems were looked at every year and schools every 3 years.

The proposed Audit Plan for the following year is presented to the Committee at its January meeting and training will be given at that time.

**Delegated decision:**

That the report be accepted.

**COUNCILLOR J MALLON**  
**Chair**

**(Note: The meeting started at 7.00 pm and ended at 8.40 pm)**