

Minutes of: AUDIT COMMITTEE

Date of Meeting: 5 December 2017

Present: Councillor J Mallon (in the Chair)
 Councillors S Nuttall, D Silbiger, R Walker and Whitby

**Also in
attendance:**

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

Apologies for Absence: Councillor D Jones, Councillor Sarah Southworth,
 Councillor S Walmsley and Councillor S Wright

AU.300 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 Nuttall declared a personal interest in any item relating to Bury Blind Society as she is a member.

Councillor Walker declared a personal interest in any item relating to Bury CAB as he is a member.

Councillor Whitby declared a personal interest in any item referring to Communic8te Bury as she is a member.

All Councillors declared personal interests in relation to any matters relating to schools of the Borough due to their roles as Councillor Governors.

AU.301 MINUTES OF THE LAST MEETING

It was agreed that the Minutes of the last meeting held on 18 September 2017 be approved as a correct record and signed by the Chair.

AU.302 FINANCIAL MONITORING REPORT

Andrew Baldwin, Head of Financial Management presented a report updating the Committee on the authority's financial position in line with the Committee's Statement of Purpose to 'Provide independent scrutiny of the authority's financial and non financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment'.

It was reported that the authority is projecting an overspend of £3.491m for the year, based on spending and income information as at 30 September 2017.

It was explained that the Authority's financial position is continually monitored throughout the year, monthly reports are considered by departmental management teams and summaries available to Cabinet Members. A monthly

summary is submitted to the Senior Leadership Team and to the Cabinet Member for Finance.

Quarterly detailed monitoring reports are considered by the Senior Leadership Team, the Cabinet, Star Chambers and the Overview and Scrutiny Committee. These set out a risk assessed summary of the financial position, explanations of major variances from budget, an assessment of the minimum level of balances, information on the forecast balances position and an assessment of performance against the objectives of the Financial Strategy.

It was explained that the projected overspend of £3.491m represents approximately 2.58% of the total net budget of £135.330m, and compares to an overspend of £3.651m at quarter 1, and £4.921m the same point in 2016/2017.

An overview of the variance was outlined in the report.

It was reported that due to the extremely difficult financial situation facing the Council in 2017/2018 the Senior Leadership Team had agreed and drawn up an action plan with some immediate additional spending controls over and above the usual controls:-

- Recruitment freeze on staff and new agency placements (exceptions to be signed off by SLT);
- Release of all existing casual/agency staff (exceptions to be signed off by SLT);
- Cease overtime/additional hours (exceptions to be signed off by SLT);
- Enter into no new training commitments and review existing training (exceptions to be signed off by SLT);
- Re-launch Work Life Balance options around reduced hours/purchase of leave;
- Cease spend on discretionary budgets; stationery, office equipment etc;
- Cease spend on IT/Communications (exceptions to be signed off by SLT);
- Any spend greater than £250 to be signed off by Executive Director;
- Any new contractual commitments greater than £5000 (lifetime value of contract) to be signed off by SLT;
- Consider "in year" budget options – e.g. previously unidentified efficiencies, review of non key services.

It was explained that the report being presented showed month 6 figures so the situation has moved on. The month 7 figures had shown that the overspend had reduced to £3.2m and the month 8 figures were due to be produced at the start of January and would show the most recent figures, these will be reported to the Audit Committee at its March 2018 meeting.

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

- Councillor Silbiger referred to the £1.4m income shortfall recorded for Resources and Regulation in the table at 3.5 of the report and what this was in relation to.

It was explained that this figure related to a shortfall from property and car parking.

- Councillor Walker referred to the enforcement money from the bus lanes across the borough and explained that he had asked for a breakdown to show each bus lanes individually. He explained that he had been told that this would not be possible.
- Councillor Nuttall stated that it would also be interesting to compare previous years' figures in relation to each bus lane.

Andrew Baldwin stated that he would look into the information available to see if this could be done.

- Councillor Whitby referred to the 'delayed achievements' and 'non achievements' and asked what the difference was.

It was explained that the 'delayed' were achievements that would be realised later than was planned. Non achievements would not now happen. If this was the case other achievements would have to be found to the same amount.

- Councillor Whitby asked whether the Star Chambers considered the work that was being carried out by community groups when looking at savings.

It was explained that this was recognised and considered within the plans.

- Councillor Silbiger asked how the projected overspend was calculated and if, usually, a lot of the savings come at the second half of the year could this be built into the forecasting.

Andrew explained that the figures were actual spend plus committed spend. At the start of the process activity and demand is considered and then new information is added as the year goes on. The same data cannot be replicated year on year due to the changes in demand and unknown pressures that may arise.

Delegated Decision:

That the contents of the report be noted.

AU.303 QUARTERLY GOVERNANCE STATEMENT - APRIL 2017 TO SEPTEMBER 2017

The Head of Financial Management presented a report providing Members with a quarterly update on the Annual Governance Statement which had been approved by the Audit Committee at its meeting on July 20, 2017.

The report gave an update on the continuous monitoring that was carried out and highlighted any relevant issues with regards to Risk Management, Business Continuity, Budget Monitoring, the work of Internal Audit, the work of the Governance Panel and Sickness levels across the authority's staff.

The Risk Management Group last met on 22 November. The Q3 Corporate Risk

Register would be circulated once it had been updated from Q2 and Members were encouraged to put forward their views to the Head of Financial Management by the end of December. It was explained that the Q3 Risk Register would then be circulated to Members in mid-January to reflect the most current high level risks facing the organisation.

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

- Councillor Walker referred to the changes to the Business Rate Retention Scheme and asked when the changes were due to commence.

It was explained that the date for when this was due to start had been put back. Work in relation to the changes was continuing and it was suggested that Steve Kenyon report to the Audit Committee on this issue at its next meeting.

Delegated decision:

That the contents of the report be noted.

AU.304 ANNUAL AUDIT LETTER 2016/2017

Robert Jones representing KPMG presented the Annual Audit Letter which summarised the key findings from KPMG's 2016/2017 audit of the Authority. The audit covered the Authority's 2016/2017 financial statements and the 2016/2017 Value for Money conclusion.

The report confirmed the unqualified conclusion that had been issued on 28 July in relation to Value for Money.

The certificate for the 2016/2017 audit was issued on 28 September 2017. The certificate confirms that the audit has been concluded in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Appended to the report was a breakdown of the Audit Fees which included a fee variation ratified by the PSAA of £2534 as a result of extra work required following two new system upgrades at the Authority in 2016/2017.

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

- Councillor Walker referred to the fee variation that was set out at page 4 of the report and asked what this was in relation to.

Rob explained that this covered the staff time in relation to financial management system upgrade and to understand the processes and systems and the requirement to make sure that the new system works.

- Councillor Walker asked whether the CCG systems were compatible with the Council's.

It was explained that the decision in relation to systems hadn't been decided as yet but it was likely that the staff working jointly with the CCG and the Council would use two systems simultaneously.

- Councillor Mallon stated that the report had been produced in a way that was easy to follow and understand and he thanked KPMG.
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Delegated decision:

That the contents of the Annual Audit Letter 2016/2017 be noted.

AU.305 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.306 INTERNAL AUDIT PROGRESS REPORT

The Head of Financial Management submitted a report briefing the Committee Members on the work being carried out currently by Internal Audit in line with the Annual Audit Plan 2017/2018.

Details of work undertaken and Audit Reports issued were included in the report with significant issues highlighted. This included work carried out against the approved plan, detailing final reports issued since the last Audit Committee meeting and a suite of performance indicators.

Delegated decision:

That the contents of the report be noted

AU.307 MEMBERS' FEEDBACK

The Head of Financial Management submitted a report providing feedback to Committee Members in the form of responses to specific issues raised in relation to Audit Reports and queries. This included; details of cash transactions over £1,000 and by providing follow-ups to audits that had been revisited since the Audit Committee meeting in September 2017.

Delegated decision:

That the contents of the report be noted.

COUNCILLOR J MALLON
Chair

(Note: The meeting started at 7.00 pm and ended at 8.15 pm)