

Minutes of: AUDIT COMMITTEE

Date of Meeting: 17 July 2018

Present: Councillor M Whitby (in the Chair)
Councillors M Hayes, S Nuttall, T Rafiq, D Silbiger,
Sarah Southworth, R Walker and S Wright

Also in attendance: R Jones - KPMG
J Lewis - KPMG

Public Attendance: One member of the press was present at the meeting.

Apologies for Absence: Councillor S Walmsley

AU.86 DECLARATIONS OF INTEREST

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 and Townside Fields as her husband's accountancy business has been awarded the contract to audit both companies.

Councillor S Wright 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. He also declared a personal interest in any item relating to Six Town Housing as he is a member of the Board.

Councillor Nuttall declared a personal interest in any item relating to Bury Blind Society as she is a trustee of the charity.

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

AU.87 MINUTES OF THE LAST MEETING

It was agreed:

That the Minutes of the last meeting of the Audit Committee held on 13 March 2018 be agreed as a correct record and signed by the Chair.

AU.88 MATTERS ARISING

Councillor Walker referred to a question that he had asked with regards to social care services and income shortfall. Councillor Walker asked if a response had been received.

Andrew Baldwin stated that he would follow this up and report back.

AU.89 AUDITED STATEMENT OF ACCOUNTS 2017/2018

The Head of Financial Management presented a report providing Members with details of the Authority's audited Statement of Accounts for the financial year ended 31 March 2018.

It was reported that the pre-audited Statement of Accounts had been approved by the Responsible Finance Officer on 31 May, 2018. The accounts have now been audited by KPMG and members of the Audit Committee noted that;

- No audit adjustments have been required;
- Seven recommendations have been made although none of these have been categorised as high priority;
- The quality of the Council's accounts and working papers have remained at a high level;
- The Council is able to meet the earlier statutory deadline of 31 July in respect of presenting its audited accounts to Members 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.

Jerri Lewis, representing KPMG, the Council's external auditors, presented the ISA 260 for 2017/2018 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 2018 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 2017/2018 financial statements and it was anticipated that an unqualified audit opinion would be issued by 31 July 2018.

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

Steve Kenyon, the Interim Executive Director of Resources and Regulation presented the Letter of Representation which was signed by him and the Chair of the Audit Committee, Councillor Whitby, 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 Council carrying out payroll work for other organisations and asked where this information would be located within the Statement of Accounts.

Steve Kenyon explained that that this information wasn't specifically disclosed within the accounts; it was included in income within Resources & Regulation department in the Income & Expenditure Statement.

Delegated decision:

1. That the final audited version of the Statement of Accounts for the 2017/2018 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.90 ANNUAL GOVERNANCE STATEMENT

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 report also includes details of the key risks that the Council faced in 2017/2018, 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 2018/2019.

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.

It was also stated that the Annual Governance Statement was signed off by SLT and has been endorsed by KPMG in their ISA 260 report, as "complying with CIPFA guidance, is not misleading nor inconsistent with other information they are aware of from their audit of the financial statements".

Delegated decision:

That the Annual Governance Statement 2017/2018 be accepted.

AU.91 INTERNAL AUDIT ANNUAL REPORT

The Head of Financial Management, Andrew Baldwin, presented a report summarising the work undertaken by the Internal Audit service during the 2017/2018 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 2017/2018 Annual Governance Statement, also on the agenda.

It was explained that 99% of the target chargeable days had been achieved by the Internal Audit Team, 49 final reports had been produced which contained 252 recommendations. It was also reported that 89% 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 2017 – 31 March 2018.

Delegated decision:

That the Audit Committee accept the report and endorse its suitability in support of the Governance Statement for 2017/2018.

AU.92 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.93 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE

Andrew Baldwin, Head of Financial Management, submitted a report summarising the work carried out by the Audit Committee over the 2017/2018 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.

Delegated decision:

That the report be accepted.

AU.94 MEETING DATES 2018/2019

The Committee discussed the dates of the scheduled Audit Committee Meetings for the 2018/2019 Municipal Year and how they fit in with the publishing of the financial reports.

Delegated decision:

That, subject to the approval of the Leader, the November 2018 meeting and the March 2019 meeting now be held as follows:

Tuesday 20 November 2018

Tuesday 26 February 2019

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.00pm and ended at 8.00pm)