

**Minutes of:                   AUDIT COMMITTEE**

**Date of Meeting:**   18 October 2016

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

**Also in  
attendance:**

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

**Apologies for Absence:** Councillor S Nuttall, Councillor D Silbiger and Councillor S Wright

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#### **AU.339       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.340       MINUTES OF THE LAST MEETING**

It was agreed that the Minutes of the last meeting held on 19 July 2016 be approved as a correct record and signed by the Chair.

#### **AU.341       FINANCIAL MONITORING REPORT APRIL 2016 - JUNE 2016**

Steve Kenyon, the Interim Executive Director of Resources and Regulation 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 that the authority is projecting an overspend of £6.395m for the year, based on spending and income information as at 30 June 2016.

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 £6.395m represents approximately 5.09% of the total net budget of £125.536m, and compares to an overspend of £1.480m at the same point in 2015/16.

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 2016/2017 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.

These controls had been in place since 9 August and compliance was being monitored.

In addition Executive Directors have been tasked with preparing turnaround plans as a matter of urgency for their departments to ensure that levels of expenditure are controlled and sustainable going forward.

Work was being carried out in relation to procurement activity and the possibility of renegotiating contracts including ones that weren't as yet up for renewal.

It was explained that the report being presented showed month 3 figures so the situation will have moved on. The month 6 report would be produced over the coming weeks and would show the most recent figures.

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

- Councillor Whitby referred to future proofing in relation to demand pressures and asked what was being done about this.

It was explained that all members of staff had been briefed and had been asked to look at ways that the Council and staff could be more innovative. An email address had been given out where suggestions and ideas could be sent.

- Councillor Jones asked whether unachievable cuts had been set at the time that the current budget was set and if this was the case how do we approach the next budget.

Steve stated that nothing was promised that was felt would be unachievable. He explained that the budget setting process was robust and savings plans put forward by the Executive Directors had been signed off by the respective Portfolio Holders and had been subject to challenge by himself and the then Cabinet Member for Finance.

- Councillor Whitby referred to the 'Invest to Save' scheme within Children's Services and asked how this was working out.

Steve explained that the Invest to Save schemes would take time to deliver and wouldn't necessarily deliver in year. Realistically up to 3 years before the saving were delivered.

**Delegated Decision:**

That the contents of the report be noted.

**AU.342 QUARTERLY GOVERNANCE STATEMENT - APRIL TO JUNE 2016**

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 19 2016.

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 up to date Corporate Risk Register was tabled at the meeting and informed Members of the risk event and status. It was explained that the Risk Register had been updated to reflect the most current high level risks facing the organisation. The format of the register had been revised and now included the raw risk score (4x4x4) and the residual risk scores likelihood, impact and proximity. The document was a live document that could be updated daily.

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

- Councillor Jones referred to the risk that the Council doesn't agree a balanced budget and the residual risk score of 32 that had been attributed to it. Councillor Jones asked whether the likelihood score should be raised from 2 to 3 which would raise it from 32 to 48 from a medium risk to a high risk.

It was suggested that once the Month 6 figures were known the score could be looked at again.

Steve also reported that the Strategic Leadership Team reviewed the register at their weekly meetings.

**Delegated decision:**

That the contents of the report be noted.

**AU.343 ANNUAL AUDIT LETTER 2015/2016**

Rashpal Khangura representing KPMG presented the Annual Audit Letter which summarised the key findings from KPMG's 2015/2016 audit of the Authority. The audit covered the Authority's 2015/2016 financial statements and the 2015/2016 Value For Money conclusion.

The report confirmed the unqualified conclusion that had been issued on 19 July in relation to Value for Money.

The audit had been formally closed on 29 September 2016 and the certificate was issued for the 2015/2016 audit 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 were in line with the planned fee.

**Delegated decision:**

That the contents of the Annual Audit Letter 2015/2016 be noted.

**AU.344 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.345 INTERNAL AUDIT PROGRESS REPORT - APRIL 2016 - JUNE 2016**

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 2016/2017.

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 trial reports issued with the last Audit Committee meeting and a suite of performance indicators.

**Delegated decision:**

That the contents of the report be noted

**AU.346 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 on large cash transactions and by providing follow-ups to audit that had been revisited since the Audit Committee meeting in April 2016.

**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 8.10 pm)**