

Minutes of: AUDIT COMMITTEE

Date of Meeting: 20 July 2017

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

Also in attendance: Councillor E O'Brien – Cabinet Member – Finance and
Housing
Rashpal Khangura – KPMG
Jerri Lewis - KPMG

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

Apologies for Absence:Councillor S Walmsley and Councillor S Wright

AU.84 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 and Townside Fields as her husband's accountancy business has been awarded the contract to both companies.

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

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

AU.85 MINUTES OF THE LAST MEETING

It was agreed:

That the Minutes of the last meeting of the Audit Committee held on 27 April 2017 be agreed as a correct record and signed by the Chair.

AU.86 MATTERS ARISING

Councillor Roy Walker referred to Min.708 of the last meeting and the request that had been made for the Council run car parks to be reviewed. It had been suggested that a request be made to the Overview and Scrutiny Committee for it to undertake the work. Councillor Walker asked whether this had been carried out.

It was explained that the Overview and Scrutiny Committee had discussed its work programme at its last meeting and the draft forward plan would be discussed at a future meeting when this would be raised.

AU.87 AUDITED STATEMENT OF ACCOUNTS

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 31 March 2017.

The pre-audited Statement of Accounts had been approved by the Responsible Finance Officer on 5 June 2017. The accounts had since been audited and Members of the Audit Committee noted that:-

- No adjustments had been required;
- Two recommendations had been made;
- The quality of the Council's accounts and working papers have remained at a high level;
- For the fourth year the Council is 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 accounts.

Rashpal Khangura and Jerri Lewis, representing KPMG, the Council's external auditors, presented the ISA 260 for 2016/2017 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 2017 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 2016/2017 financial statements and it was anticipated that an unqualified audit opinion would be issued by 30 September 2017.

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 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 Capital receipts set out on pg 50 and the DCLG and asked what this referred to.

It was explained that this was in relation to housing receipts and the right to buy scheme.

- Councillor Walker asked about the flood grant and whether the Council had received the monies.

Steve Kenyon reported that the Council had submitted a claim for £3m and had received this.

- Councillor Silbiger asked about the asset valuation and impairments and how often this was required.

Jerri Lewis explained that the review takes place every year and should be done as part of the accounts.

Delegated decision:

1. That the final audited version of the Statement of Accounts for the 2016/2017 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.88 ANNUAL GOVERNANCE STATEMENT 2016/2017

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 2016/2017, 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 2017/2018.

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 on 19 June 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 2016/2017 be accepted.

AU.89 INTERNAL AUDIT ANNUAL REPORT 2016/2017

The Head of Financial Management, Andrew Baldwin, presented a report summarising the work undertaken by the Internal Audit service during the 2016/2017 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 2016/2017 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, 57 final reports had been produced which contained 328 recommendations, none of which were high level. It was also reported that 99% of the recommendations had been accepted.

A Corporate Fraud Team had been established and the work it had carried out had proven very useful by undertaking joint working across multiple areas of the Council.

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 2016 – 31 March 2017.

Delegated decision:

That the Audit Committee accept the report and endorse its suitability in support of the Governance Statement for 2016/2017.

AU.90 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.91 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2016/2017

Andrew Baldwin, Head of Financial Management, submitted a report summarising the work carried out by the Audit Committee over the 2016/2017 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.

Delegated decision:

That the report be accepted.

COUNCILLOR J MALLON
Chair

(Note: The meeting started at 5.00 pm and ended at 6.40 pm)