

Minutes of: AUDIT COMMITTEE

Date of Meeting: 3 November 2015

Present: Councillor Mallon (in the Chair)
Councillors E FitzGerald, S Nuttall, Sarah Southworth,
R Walker, M Whitby and M Wiseman

Also in attendance: A Baldwin - Head of Financial Management
Jillian Burrows - KPMG

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

Apologies for Absence: Councillors N Bayley and S Smith
Rashpal Khangura – KPMG

AU.417 DECLARATIONS OF INTEREST

Councillor Mallon declared a personal interest in any item relating to education as his wife is employed at a Bury School.

Councillor Sarah Southworth declared a personal interest in any item relating to Six Town Housing as she is a Member of the Board.

AU.418 MINUTES OF THE LAST MEETING

Delegated decision:

That the Minutes of the last meeting of the Audit Committee held on 15 July 2015 be approved as a correct record and signed by the Chair.

AU.419 MATTERS ARISING

There were no matters arising from the Minutes of the Last Meeting.

AU.420 AUDIT COMMITTEE TRAINING - ASSET MANAGEMENT

Alex Holland, Head of Property and Asset Management attended the meeting to explain asset management across the authority.

The overall aims and objectives were explained:

- reduce running and costs
- improve fitness of purpose of all retained buildings
- use property more effectively
- share property with others providing complimentary services
- dispose of surplus estate to generate capital receipts for reinvestment
- ensure effective future investment

There are two different property categories that the authority manages

Operational Property – day to day buildings such as libraries and leisure centres

- 535 properties

- Total asset value of £291m
- Running cost of £11.01m in 2014/15

Non – Operational Property

- 950 property interests, ranging from residential ground leases to offices, markets and business parks
- Overall rent roll £4.52m pa

Models of Asset Management

- Centralised/Corporate Landlord:
 - Property controlled centrally
 - Services are effectively tenants
 - Generally viewed as best practice
- Devolved Model:
 - Properties are 'owned' and managed by services and departments

It was explained that Bury is a mixture of the two, but still predominantly devolved.

Governance:

- Portfolio – Resource & Regulation
- Officer Responsibility – Executive Director of Resources & Regulation
- Property Strategy Group – Asset Management and Regeneration
- Cabinet – key decisions involving property

Strategy & Planning

- Asset Management Plan 2012
- Revised Plan 2016 – How will property help to deliver the Council's Vision and priorities?
- Links to Medium Term Financial Strategy, IT and HR strategies

Alex explained that with the devolution agenda and more partnership working it was likely that more property would be providing shared services:-

- Strategic Estates Group – Team Bury Partners
- Impact of GM Devolution and health agenda
- Bury Estates Strategy (5 years) and Plan (18 months) – links to the Bury Locality Plan
- Joined up thinking and identification of opportunities

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

- Councillor Walker referred to the face to face services that had previously been available from services through reception areas and how this was not now the case.

It was explained that all service provision would be regularly reviewed to see if the accommodation was fit for purpose.

- Councillor Wiseman asked about the properties owned by the Council and how it was decided to purchase new investments.

It was explained that due diligence would always be undertaken before any purchases were made in relation to income streams.

- Councillor FitzGerald stated that how the Council left a site once it had disposed of it was also very important

AU.421 ANNUAL AUDIT LETTER 2014/2015

Jillian Burrows representing KPMG presented the Annual Audit Letter which summarised the key findings from KPMG's 2014/2015 audit of the Authority. The audit covered the audit of the Authority's 2014/2015 financial statements and the 2014/2015 Value For Money conclusion.

Appendix 1 to the report referred to 3 high risk recommendations that had been highlighted in the ISA 260. It was reported that progress had been made in relation to all 3 recommendations and these would be followed up when KPMG carried out their interim work in January and February 2016. The outcome of this work would be reported in the ISA 260 for 2015/2016.

Jillian explained that the Value For Money approach would be changing for 2015/2016. The National Audit Office would be issuing final guidance at the end of the month.

It was also reported that Trevor Rees had now retired from KPMG and his role had been taken by Rashpal Khangura.

Delegated decision:

1. That the contents of the report be noted.
2. That the new VFM Guidance would be circulated to the Audit Committee Members upon its issue.
3. That the Committee send a notice of thanks to Trevor Rees for his work with the Council and the Audit Committee.
4. That Rashpal be welcomed in his new role.

AU.422 PUBLIC QUESTION TIME

There were no members of the public present to ask questions under this item.

AU.423 FINANCIAL MONITORING REPORT APRIL 2015 - JUNE 2015

The Head of Financial Management, Andrew Baldwin, presented a report updating Members of 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 exposure to risk and the control environment'. The report focussed on the revenue budget, balance sheet, procurement activity and the minimum level of balances.

The report indicated that the Authority was projecting an overspend of £1.480m

for the year based on spending and income information as at 30 June 2015.

A fuller version of the report had been considered by Overview & Scrutiny at its meeting on the 13 October.

- Councillor FitzGerald referred to the housing stock that was currently managed by Six Town Housing on behalf of the Authority and asked what the level of risk was with the introduction of Right to Buy options for tenants. Would Six Town Housing be in a position to service the debt if a large number of tenants purchased their properties.

Andrew stated that he would bring a response back to the Committee at a future meeting.

Delegated decision:

That the contents of the report be noted.

AU.424 QUARTERLY GOVERNANCE STATEMENT - APRIL 2015 TO JUNE 2015

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 15 2015.

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, Review of Ethical Governance, the work of the Governance Panel, Gifts and Hospitality and Sickness levels across the authority's staff.

The up to date Corporate Risk Register was appended to the report 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. It was reported that of the 10 risks listed within the report 6 had changed level of risk since the last report was issued.

Also included in the report was an update of sickness absence statistics and the actions being taken to contribute to the reduction in the levels of absence sickness. It was explained that changes had been made to the authority's sickness policy which now included 3 years retrospective sickness absences.

Delegated decision:

That the contents of the report be noted.

AU.425 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.426 INTERNAL AUDIT PROGRESS REPORT - APRIL 2015 - JUNE 2015

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 2015/2016.

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, details of 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.427 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. This included details of cash transactions occurring with a value over £1000, and those audits that have been revisited since the last meeting on 15 July. All of the follow ups were carried out successfully and no issues had been identified.

Delegated Decision:

That the contents of the report be noted.

COUNCILLOR MALLON
Chair

(Note: The meeting started at 7.00pm and ended at 8.30pm)