



MINUTES

AUDIT COMMITTEE

4.30pm to 5.45pm

24 September 2013

Present: Councillors Little (chair), Wright (vice chair), Boswell, Driver, Kendrick, Neale and Waters

Apologies: Councillor Bremner

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

RESOLVED to approve the accuracy of the minutes of the meeting held on 23 July 2013.

3. INTERNAL AUDIT AND FRAUD TEAM 2013-14 – JUNE TO AUGUST UPDATE

The audit manager (LGSS) presented the report.

During discussion the audit manager referred to the report and answered members' questions. He explained that the council had not taken into account a claimant's private pension, despite it being logged, and this had resulted in the overpayment of £6,371 in housing benefits, which would be recovered. Members were advised that that the benefits team would clear the backlog and not hold up the work of the fraud team. The partnership arrangements with Northampton Borough Council and its assistance to improve the benefits service would be beneficial to the council.

Discussion ensued on the risk based approach to identify areas of internal audit and that an advantage of LGSS was that it was able to provide additional resources if required.

RESOLVED to note:

- (1) the work of internal audit between June and August 2013;
- (2) progress on the internal audit plan;
- (3) the work of the fraud team between June and August 2013;
- (4) the latest position on the national fraud initiative (NFI).

4. AUDIT RESULTS REPORT (ISA260 REPORT) 2012-13

(The director and audit manager of Ernst & Young LLP, the council's external auditors, attended the meeting for this item. Apologies were received on behalf of the partner.)

The external auditor (director (Ernst & Young LLP)) presented the appended report and explained that the audit results ISA260 report replaced the previous annual governance report. The external auditors expected to issue an unqualified audit opinion on the council's accounts. There were a number of minor completion issues which would be dealt with before he issued his opinion on 30 September 2013. The external auditors' fees would be reported back to the committee as part of the annual audit letter but would be less than previous years as a result of working with the finance team. Members were advised that "000" should be deleted from the column headings in the table in paragraph of the appended report.

During discussions the external auditor, chief finance officer and chief accountant answered members' questions. Members noted that the general fund reserves were £5.2m, well above the prudent minimum level of reserves, which was £4.35m. The chief finance officer said that she did not expect that the fixed asset register would be produced in time for inclusion in the current years' accounts (2013-14) but should be available from 1 April 2014. Members praised the work of the external auditors working together with the finance team to reduce errors. The external auditors said that this built on work in previous years and there was a lower materiality level.

RESOLVED to:

- (1) review and notes the attached report from the council's external auditor;
- (2) approve the draft letter of management representation presented in Appendix B of the report; and,
- (3) note the unresolved issues detailed in section 3 of the report under "significant qualitative aspects of accounting practices".

5. STATEMENT OF ACCOUNTS 2012-13

(Copies of the table containing the movement in reserves statement, which had not been included in the statement of accounts due to a production issue, were circulated at the meeting. Members were also advised that the reference in

paragraph 12 of the covering report should refer to paragraphs 8 to 10. Members were also advised that there were formatting issues in the document which had caused text to slip and that the pagination of the statement of accounts document had been lost and therefore the contents page could not be used. Subtotal figures were missing on the table on page 62 of the agenda papers.)

The chief accountant presented the report and pointed out that there were a small number of changes this year to the way that the accounts were presented.

During discussion the chair referred to the committee members' training held on 18 September 2013 which comprised the role of the committee in scrutinising the statement of accounts in the context of the legislation. The chief accountant referred to the statement of accounts and answered members' questions. She explained that all figures had been adjusted since the last version of the statement of accounts had been published (audit committee, 23 July 2013) and had taken into account the members' comments. Members noted that additional text had been inserted to explain the housing revenue account and the general fund. The comprehensive income and expenditure statement was one of the changes in the way the accounts were presented this year to reflect changes to the corporate leadership team and services being transferred to LGSS. In response to a question about funding for a rapid bus transport link which had not been implemented, the chief accountant referred the committee to the comprehensive income and expenditure statement and said that the (surplus)/deficit on provision of services was £4,916k. The accounts had been revised to separate out the NNDR for clarification and figures for this were shown in the accounts at section 37 *Grants income* (page 136 of the agenda pages). An explanation of changes to business rates and special grants was provided in section 6 *Events after the Balance Sheet date*.

The audit manager (LGSS) referred to the annual governance statement in the statement of accounts, which referred to the *internal audit assurance reviews* and explained that a limited assurance opinion had been issued for contract management in citywide services because of inadequate procedures for controlling large value contracts. A recent follow up by internal audit confirmed that all the recommendations had been implemented.

In response to a member's question, Councillor Waters, as deputy leader and cabinet member for resources, said that the performance of the planning service and revenues and benefits service were regularly monitored, as were all service areas, by the scrutiny committee, cabinet and audit committee. He congratulated the chief finance officer, chief accountant and the finance team for producing the accounts on time.

RESOLVED to:

- (1) approve the statement of accounts 2012-13, and,
- (2) delegate to the chief finance officer, in consultation with the chair, the final approval of the statement of accounts 2012-13.

CHAIR