

## **AUDIT & CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

### **MINUTES OF MEETING HELD ON 22 SEPTEMBER 2016**

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## **AUDIT & CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

### **MINUTES OF MEETING HELD ON 22 SEPTEMBER 2016**

#### **Present:**

Councillor D Skinner ..... (Chair)

Councillor B Barnes  
“ G Butler

Councillor G Hopkinson  
“ G Morley

#### **Also Present:**

J Arnold - Assistant Director – Planning and Environmental Health  
D Clarke - Assistant Director – Finance and Revenues & Benefits  
G Galloway - Assistant Director – Property and Estates  
B Mason - Executive Director – Operations  
J Williams - Head of Internal Audit  
A Brownsword - Senior Governance Officer, Bolsover District Council

Also in attendance were T Crawley and K Meats of KPMG

#### **259 Apologies for Absence**

Apologies for absence had been received from Councillors S J Ellis and A Garrett.

#### **260 Declarations of Interest**

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and to withdraw from the meeting at the appropriate time.

#### **261 Minutes of Last Meeting**

**RESOLVED** – That the Minutes of the meeting of the Audit & Corporate Governance Scrutiny Committee held on 14 July 2016 be approved as a correct record and signed by the Chair.

#### **262 Report of Those Charged with Governance (International Standard of Auditing (ISA260)) 2015/2016**

Tony Crawley of KPMG presented the External Audit Report which gave details of the External Audit of the Council's Accounts in respect of the 2015/16 financial year. The ISA 260 report covered headline issues, financial statements, value for money, key issues and recommendations, follow up of previous years recommendations, audit differences, accounts payable and audit independence.

The audit had identified no material misstatements and the accounts had been completed by the end of May 2017 in line with the DCLG deadline. It was reported that the authority had good processes in place for the production of the accounts and good quality working papers. The Finance Team were thanked for dealing efficiently with audit queries.

The External Auditors reported that they anticipated issuing an unqualified audit opinion on the financial statements by 30<sup>th</sup> September 2016, that the Annual Governance Statement complied with CIPFA / SOLACE guidance, and that they had concluded that the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The auditors reported a small number of presentational adjustments and an understatement of debtors amounting to some £183k. It was reported that they did not consider the fraud risk arising from revenue recognition to be a significant one. As in other organisations Management override of controls was considered to be a significant risk, however, the audit work did not identify any specific additional risks of management override relating to this audit.

The report included a recommendation that in future where the Council was required to negotiate Exit Packages that the Authority should formally document the process adopted, including the likely costs of all options, the key facts in support of the case and any consultation with Officers and Members.

A discussion took place regarding business rate appeals and Members noted that this was an area of risk that the Council had taken reasonable steps to protect from risk. It was noted that there was a large backlog of appeals, however, this would lessen over time as businesses now had to have a reason for putting in appeals.

**RESOLVED** - That:-

- (1) The Audit and Corporate Governance Committee note the report from KPMG, the Council's External Auditors
- (2) The Audit and Corporate governance Scrutiny Committee approve the Letter of Representation and authorise the Chair of Audit and Corporate Governance Committee and the Chief Finance Officer to sign the letter on behalf of the Council.

**263    North East Derbyshire District Council: Statement of Accounts 2015/2016**

The Assistant Director – Finance and Revenue & Benefits presented the report which gave details of the audited Statement of Accounts for 2015/16. It was noted that the Council had been successful in achieving the earlier deadline which was in the process of becoming a statutory requirement. It was noted that an agreed amendment to the General Fund had resulted in an increase of £0.183m to the Invest to Save Reserve.

**RESOLVED** – That:-

- (1) The Audit and Corporate Governance Scrutiny Committee approve the audited Statement of Accounts in respect of 2015/16,
- (2) Delegated powers be granted to the Chief Financial Officer following consultation with the Chair or Vice Chair of the Audit and Corporate Governance Scrutiny Committee to agree any changes which may be necessary in order to ensure the finalisation of the external audit currently being concluded by the Council's external auditors KPMG to ensure completion of the Statement of Accounts by 30<sup>th</sup> September 2016.

**264 Internal Audit Consortium – Summary of Progress on the Annual Internal Audit Plan 2016/17**

The Head of the Internal Audit Consortium presented the report which gave details of progress made by the Internal Audit Consortium during the period 09 April 2016 to 09 September 2016 in relation to the completion of the 2016/17 Audit Plan. The report provided a summary of Internal Audit Reports issued and work in progress.

The Head of the Internal Audit Consortium informed the meeting that there had been 9 reports issued, 6 rated good, 1 satisfactory and 2 marginal. No issues regarding fraud had been identified.

**RESOLVED** - That the report be noted.

**265 Exclusion of Public**

**RESOLVED** - That the public be excluded from the meeting during the discussion of the following items of business to avoid the disclosure to them of exempt information as defined in Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (Access to Information)(Variation) Order 2006). [The category of exempt information is stated after each Minute].

**266 Section 106 Agreements**

The Assistant Director – Planning and Environmental Health presented the report which gave details of an action plan prepared in response to the Internal Audit Consortium report completed in April 2016.

**RESOLVED**- That that Audit and Corporate Governance Scrutiny Committee endorse the actions and progress laid out in the Action Plan.

(Assistant Director – Planning and Environmental Health)  
(Paragraph 3)

**267    Commercial and Industrial Property Rents**

The Assistant Director – Property and Estates presented the report which detailed actions taken in response to the findings of the Internal Audit Report completed in April 2016. An action plan had been prepared which included a progress report.

RESOLVED - That the Audit and Corporate Governance Scrutiny Committee endorse the actions and progress laid out in the Action Plan.

(Assistant Director – Property and Estates)  
(Paragraph 3)

**268    Procurement**

The Executive Director - Operations presented the report which detailed actions taken in response to the findings of the Internal Audit Report completed in July 2016.

RESOLVED – That that the report be noted.

(Executive Director – Operations)  
(Paragraph 3)

**269    Additional Urgent Items – Private Session**

There were no additional urgent items to be discussed in the private session of the meeting.

**270    Re-admission of the Public**

RESOLVED – That the public be re-admitted to the meeting.

**271    Fighting Fraud and Corruption Locally**

The Head of Internal Audit presented the report to raise Members' awareness of 'The Local Government Counter Fraud and Corruption Strategy 2016–2019'. This Strategy set out the actions which Council's needed to take to help ensure that they are active in looking for and identifying fraud and embedding a counter fraud culture in the organisation. The report provided a checklist against which the Committee could agree at an assessment of the Council's position against the standards set out in the "Fighting Fraud and Corruption Locally 2016–2019" document.

There were three key principles of fighting fraud locally and these were **acknowledge** and understand fraud risks, **prevent** and detect fraud including developing an anti-fraud culture and **pursue** and punish fraudsters. The report included the checklist as an Appendix which the Internal Audit Consortium Manager and the Executive Director – Operations had completed in arriving at their conclusion that the Council had a strong anti fraud culture with appropriate and proportionate measures in place to prevent and detect fraud. An Action Plan was agreed in order to address the limited number of areas of weakness identified.

**RESOLVED** – That:-

- (1) The Local Government Counter Fraud and Corruption Strategy be noted.
- (2) That the position shown in the 2016 – 2019 Fighting Fraud and Corruption checklist and corresponding action plan be noted.

**272 Corporate Plan Targets Performance Update – April to June 2016 (Q1 – 2016/17)**

The Executive Director – Operations presented the report which gave information on quarter 1 outturns for the Corporate Plan 2015-2019 targets. It was noted that overall, performance against the targets was good.

**RESOLVED** – That progress against the Corporate Plan 2015-2019 targets be noted.

**273 Budget Monitoring Report – Quarter 1 – April to June 2016**

The Assistant Director – Finance and Revenue & Benefits presented the report which gave a summary of the Budget Monitoring for the first quarter of 2016/17. This report summarised the financial position of the Council following the first quarter's budget monitoring exercise for the General Fund, the HRA, Capital Programme and Treasury management activity. The report concluded that the Council was operating in line with approved budgets.

A question was asked regarding where the benefit of redundancy was seen within the budget and it was explained that following the one-off cost, there were yearly savings.

**RESOLVED** - That the Audit and Corporate Governance Scrutiny Committee note the report concerning the Council's Budget Monitoring for Quarter 1 2016/17.

**274 Risk Management Update, Partnership Working and Strategic Risk Register**

The Executive Director – Operations presented the report which allowed the Audit and Corporate Governance Scrutiny Committee to consider the Strategic Risk Register.

RESOLVED - That the Audit and Corporate Governance Scrutiny Committee note the report.

**275    Key Issues of Financial Governance**

The Executive Director – Operations presented the report which provided an update regarding progress in addressing the key issues of financial governance. The report had been updated to reflect the 2015/16 External Audit report “Report to those Charged with Governance” which was an item elsewhere on the agenda. There remained, however, major challenges ahead if the Council was to continue to secure a balance budget over the period of the current Medium Term Financial Plan, while a range of other items of financial governance were covered in the table appended to the report.

RESOLVED - That the report be noted.

**276    Urgent Business – Public Session**

The Committee were advised that there was no urgent business to be considered in the public session of this meeting.

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