

AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE**MINUTES OF MEETING HELD ON 25 JULY 2019****I N D E X**

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AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 25 JULY 2019

Present:

Councillor M Foster (Chair)

Councillor W Armitage
“ N Barker
“ A Hutchinson

Councillor P R Kerry
“ G Morley
“ M Roe

Also Present:

J Dethick - Chief Accountant
K Hanson - Strategic Director – Place
J Williams - Internal Audit Consortium Manager
M Norman - Mazars
D Stanton - Governance Officer

146 Draft Council Plan Consultation

The Joint Strategic Director – Place, gave a verbal update on the draft Council Plan Consultation.

Members noted that the Council had always faced an ongoing difficult budget situation, and previous measures taken to relieve the financial pressure on the Authority were discussed. The Committee reiterated their commitment to work together constructively.

The Joint Strategic Director – Place, encouraged Members with any further concerns or comments to contact her directly.

RESOLVED – That the update be noted.

147 Role of the Audit Committee and Committee Work Programme

The Committee received a presentation from the Chief Accountant and the Internal Audit Consortium Manager which outlined the role of the Audit Committee and the Committee Work Programme.

It was requested that a further training session be given to provide Members with a greater understanding of the remit of the Committee, and their role in providing effective scrutiny.

RESOLVED – That the update be noted.

148 Apology for Absence

An apology for absence had been received from Councillor K Tait.

149 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.

No declarations of interest were declared at this meeting.

150 Minutes of Last Meeting

RESOLVED – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 18 April 2019 be noted.

151 Audit Completion Report

Members were presented with a report of the Council's External Auditor (Mazars) that outlined the Audit Completion Report.

Members agreed that it was a positive report, and that it showed a Council in good financial health.

The Committee discussed high risk and low risk investments. Officers advised that the Council engaged treasury management consultants to assist with such decisions. A fairly risk averse approach had been taken to date regarding investments. This was currently being reviewed by Cabinet.

Members enquired about the value for money conclusions. Officers advised that due to current national pressures in Whitehall it was likely that the 2019/20 settlement would be rolled over in 2020/21 with a three year settlement following in 2021/22. Therefore current funding, including new homes bonus, would be likely to continue into 2020/21.

The Committee discussed the significant findings within the report and the significant risks that were associated with estimating the Council's assets. The officers informed Members that it was deemed to be a significant risk because it was an accounting estimate that could result in a material misstatement if incorrectly valued.

The external auditor confirmed that there were no further findings, and that the report was in its final stages and due for completion by the deadline of 31 July 2019.

RESOLVED – That:-

- (1) The Audit and Corporate Governance Scrutiny Committee gives its consideration to the report from the Council's external auditors, Mazars.

- (2) The Audit and Corporate Governance Scrutiny Committee approves the Letter of Representation contained within the Audit Completion Report and authorises the Chair of the Audit & Corporate Governance Scrutiny Committee, and the Chief Financial Officer, to sign the letter on behalf of the Council.

152 Implementation of Internal Audit Recommendations

The Internal Audit and Consortium Manager presented a review that outlined the progress made in respect of implementing internal audit recommendations. Members noted that 48 recommendations had been implemented so far in 2018/19, in comparison to 70 in 2017/18 and 62 in 2016/17.

The Committee reiterated their desire for further training, so that they could gain an understanding on how the internal reports were carried out. The officers stated that the reports were sent to the Quarterly Directorate Meetings who saw the report each quarter, and that the report then went to the Audit Committee every six months.

Members discussed the health and safety July 2018 audit, and the financial impacts of such measures.

RESOLVED – That the update be noted.

153 Summary of Progress on the Annual Internal Audit Plan 2018/19 and 2019/20

The Internal Audit Consortium Manager presented a report that outlined a summary of internal audit reports issued between 6 April 2019 to 30 June 2019.

The officers advised that the Committee had previously agreed that full copies of any limited assurance and inadequate assurance reports were brought to Members. It was stated, however, that there was no such reports to bring before Members at this meeting.

Members enquired about the role that Senior Management played in accepting the recommendations and how they worked with officers.

RESOLVED – That the update be noted.

154 Internal Audit Consortium 2018/19 Annual Report to North East Derbyshire District Council

The Internal Audit Consortium Manager presented a report that outlined a summary of the internal work undertaken during 2018/19.

Members noted that there had been 31 reports in 2018/19 where 52% had a substantial assurance level, 42% had a reasonable assurance level, and 6% had a limited assurance level.

Members stated that different assurance level categories had been used in different municipal years, and as a result this had made year-on-year comparison difficult. It

was suggested that categories were made equivalent and the Internal Audit Consortium Manager endeavoured to include this in the next progress report.

RESOLVED – That the update be noted.

155 North East Derbyshire District Council Statement of Accounts 2018/19

The Chief Accountant presented a report that outlined the Statement of Accounts for 2018/19.

Members thanked the officer for the report. The Chief Accountant wished to place on record her sincere thanks to her team for their support and effort in producing the accounts this year.

RESOLVED – That:-

- (1) The Audit & Corporate Governance Scrutiny Committee approves the audited Statement of Accounts in respect of 2018/19.
- (2) Delegated powers be granted to the Chief Accountant, in 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 Mazars to ensure completion of the Statement of Accounts by 31 July 2019.

156 Medium Term Financial Plan – Financial Outturn 2018/19

The Chief Accountant presented a report that outlined the outturn position of the Council for the 2018/19 financial year. It was stated that the report had been noted by Cabinet on 13 June 2019.

RESOLVED – That the update be noted.

157 Corporate Debt – Quarter 1

The Chief Accountant presented a report that outlined a summary of the corporate debt position as at 30 June 2019.

Members enquired about the collection rates at Rykneld Homes, and what percentage of tenants paid by direct debit. The Committee agreed that whilst the non collection rate was low it was still costing the Council a significant amount.

The Committee discussed Universal Credit and the impact this has had on rent collection. Members also discussed problems with the collection of rents from business units and how the Committee's previous input had achieved better results.

RESOLVED – That the report be noted.

158 Urgent Business

The Chair informed Members that the Vice Chair had attended a Joint ICT Committee and had some concerns. Members agreed that they would like to call in the Joint Head of Partnerships and Transformation to answer questions from the Committee.

The Chair also stated that he would like to see the Right to Buy Policy included on the future Work Programme and the statutory guidance surrounding the Policy.

AUDIT MINS (0725) 2019/AJD