

ACCOUNTS AND AUDIT COMMITTEE

29 JULY 2019

PRESENT

Councillors B. Brotherton (in the Chair), G. Coggins, J. Dillon, A. Duffield, A. Mitchell and L. Patel (part only); and Mrs. J. Platt (Independent Member).

IN ATTENDANCE

Corporate Director, Finance and Systems (N. Bishop),
Deputy Director of Finance (G. Bentley),
Corporate Director, Governance and Community Strategy (J. Le Fevre),
Audit and Assurance Manager (M. Foster),
Counter Fraud and Enforcement Manager (D. Wright) (item 14 only),
Finance Manager (D. Muggeridge),
Democratic and Scrutiny Officer (J.M.J. Maloney).

ALSO IN ATTENDANCE

Ms. K. Murray (Mazars).

APOLOGIES

Apologies for absence were received from Councillor P. Lally.

12. QUESTIONS FROM MEMBERS OF THE PUBLIC

It was reported that no questions had been received from members of the public in the context of the current meeting.

13. MINUTES

RESOLVED – That the Minutes of the meeting held on 19th June 2019 be approved as a correct record and signed by the Chair

14. COUNTER FRAUD AND ENFORCEMENT TEAM ANNUAL REPORT 2018/19

The Counter Fraud and Enforcement Manager was in attendance to introduce a report which set out details of fraud prevention and detection performance and activities during the 2018/19 municipal year, and an outline of planned activity for the current year. Members' attention was drawn, in part by means of case study examples, to the significant role played by the team in safeguarding public funds. An opportunity was provided for Members to raise questions on the content of the report. These centred on the usage of credit reference data and bailiffs, and measures taken to safeguard vulnerable people who may have been exploited by perpetrators of fraud.

RESOLVED – That the content of the report be noted.

15. 2018/19 AUDIT COMPLETION REPORT

Karen Murray, representing Mazars LLP, the Council's external auditor, was in attendance to set out for the Committee's information key features of the auditor's draft Audit Completion Report for the year ending 31st March 2019. This included significant areas of audit coverage, potential risks investigated and audit conclusions. In introducing the report the auditor made a point of complimenting the Council's finance officers on the exceptional quality of the accounts and supporting documents produced. In discussion Members sought further explanation of a number of issues raised, including on the nature of the assessment of the Council's pension liability, and the implications, from an audit risk perspective, of the recent OFSTEd inspection of Children's Social Care Services.

RESOLVED – That the content of the report be noted.

16. CORPORATE GOVERNANCE CODE

The Corporate Director, Governance and Community Strategy was in attendance to present a report which sought approval for the Corporate Governance Code. Members noted that no significant changes had been made since the Committee had previously reviewed the draft version; and it was accordingly agreed that the Code be approved. In response to a query regarding the applicability of the Performance Development Review process to elected Members as well as officers, it was agreed that this issue would be referred to the Chair of the Member Development Panel to consider.

RESOLVED – That the Corporate Governance Code be approved.

17. 2018/19 FINAL ANNUAL GOVERNANCE STATEMENT

The Corporate Director, Governance and Community Strategy was in attendance to present a report which sought approval for the Annual Governance Statement. As with the Corporate Governance Code, to which it closely related (previous minute refers) Members were advised that no significant changes had been made since the Committee had previously reviewed the draft version; and it was accordingly agreed that the Statement be approved.

RESOLVED – That the 2018/19 Annual Governance Statement be approved.

18. BUDGET MONITORING 2018/19 PERIOD 12 OUT-TURN REPORT (APRIL 2018 - MARCH 2019)

The Executive Member for Finance and Investment and the Corporate Director of Finance and Systems submitted a report which informed Members of the 2018/19 draft outturn figures relating to both Revenue and Capital budgets, and the level of General and Service Reserves. It also summarised the final unaudited position for Council Tax and Business Rates within the Collection Fund. It was noted that the report had been presented to, and discussed at, the meeting of the Executive held on 24th June 2019.

RESOLVED -

- (1) That the report be noted, and the outturn position showing a budget underspend of £1.783m, which will be transferred to the Budget Support Reserve.
- (2) That the creation be noted of a new earmarked reserve of £1.5m to support an improvement plan in Children's services, following the recent 'inadequate' report from Ofsted.
- (3) That the other changes to reserves as detailed in paragraph 8 and Appendix 2 to the report be noted.

19. 2018/19 ACCOUNTS

The Corporate Director of Finance and Systems submitted a report which attached for the Committee's consideration the redrafted Final Accounts for 2018/19, as they stood at the time of the Committee report distribution and pending any changes prior to the completion of the audit. Amendments already were highlighted, which accommodated changes agreed with the Council's external auditors during their audit. Thanks were accorded to the officers responsible for their preparation, and the external auditor's positive comments noted. Members were advised of the possibility of further amendments prior to the formal completion of the audit, and received a request in consequence for the delegation of authority for the formal approval of the accounts.

RESOLVED –

- (1) That the Accounts as they currently stand be noted.
- (2) That authority be delegated to the Chair of Accounts and Audit Committee and the Corporate Director of Finance and Systems to approve the Final Accounts for 2018/19, and that authority be delegated to the Corporate Director of Finance and Systems to sign the letter of representation.

20. STRATEGIC RISK REGISTER UPDATE

The Audit and Assurance Manager submitted a report which provided an update on the Council's strategic risk environment, setting out developments relating to the management of each of the Council's strategic risks. Members' attention was drawn in particular to areas where the definition or categorisation of individual risks had been amended since the previous report to the Committee. Members were advised that a further general update would be provided to the Committee's October meeting; and that a specific, detailed update would also be provided on cyber security later in 2019/20, further to the Committee's request earlier in the year. In response to a query, it was agreed that further detailed information on the mechanics of the compilation of the Register would be circulated to all of the Committee's Members, for information.

RESOLVED – That the content of the report be noted.

21. BUDGET MONITORING 2019/20 - PERIOD 2 (APRIL - MAY 2019)

The Executive Member for Finance and Investment and the Corporate Director of Finance and Systems submitted a report which informed Members of the current 2019/20 forecast outturn figures relating to both Revenue and Capital budgets. It also summarised the latest forecast position for Council Tax and Business Rates within the Collection Fund. Members were advised that the position had also been reported to the July meeting of the Executive. The officers drew Members' attention to key current variances, such as in relation to demand-led social care budgets and the capital programme, whilst noting that it was still very early in the financial year, and setting out broad details of potential mitigation measures as the year progressed.

RESOLVED - That the content of the report, the changes to the Capital Programme as detailed in paragraph 16 and the capitalisation of interest costs on the Brown St, Hale redevelopment scheme as detailed in Paragraph 24, be noted.

22. ACCOUNTS AND AUDIT COMMITTEE 2019/20 WORK PROGRAMME

The Audit and Assurance Manager submitted a report which presented the current position in respect of the Committee's agreed work programme for the current municipal year, including the provisional agenda for the Committee's next meeting.

RESOLVED – That the content of the Committee's work programme 2019/20 be noted.

23. EXCLUSION RESOLUTION

RESOLVED - That the public be excluded from this meeting during consideration of the remaining items on the agenda, because of the likelihood of disclosure of “exempt information” which falls within one or more descriptive category or categories of the Local Government Act 1972, Schedule 12A, as amended by The Local Government (Access to Information) (Variation) Order 2006, and specified on the agenda item or report relating to each such item respectively.

24. UPDATE ON THE OUTCOME OF WORK UNDERTAKEN BY THE EXTERNAL AUDIT IN RESPONSE TO CORRESPONDENCE RECEIVED IN ACCORDANCE WITH THE LOCAL AUDIT & ACCOUNTABILITY ACT 2014

Further to a preliminary discussion at the Committee’s previous meeting, Karen Murray, on behalf of the Council’s External Auditors, provided a detailed briefing for Members on the correspondence received and the response determined further to investigatory work undertaken by the auditors. The Briefing covered the nature of the issues raised by the correspondence, the unprecedented nature of the situation which had given rise to them, the investigation activity undertaken by the auditors and its associated costs, and the conclusions reached by the auditor in response. Whilst the auditors’ investigation had concluded that the Council, in responding to the extraordinary situation, had not taken any actions which were contrary to its constitution or powers, it was concluded that it would be helpful for the constitution to contain more detail and guidance on what should be done in any similar circumstances.

It was noted that a review had been undertaken by the Council’s Legal Services team to capture details of lessons to be learned; and that consequential amendments to the Constitution would be proposed for Council’s agreement in the near future. In discussion, the suggestion was noted that involvement of elected Members in this process would be beneficial; and it was agreed that the possibility of a more systematic review of the constitution’s provisions would be raised with the Executive Member for Public Safety, Governance and Reform and the Council’s Monitoring Officer.

RESOLVED – That the content of the report be noted.

The meeting commenced at 6.30 p.m. and finished at 8.00 p.m.