

COUNCIL MEETING – 15 OCTOBER 2019

REPORT OF THE AUDIT COMMITTEE

23 July 2019

Present: Councillors Simmons (Chairman), Ekins (Vice-Chairman), Graves, Francis, and Henley.

Also present: Mr S Darcy, (Director & S151 Officer), Mr E Symons (Assistant Director), Mrs S Penfold, (ICT Business Support Manager), Mr N Harris, (Associate Partner at EY), and Miss E McGinlay (Electoral Services Officer).

(Cllr Griffiths attended as an observer.)

1. APOLOGIES FOR ABSENCE

RESOLVED to note that apologies were received from Councillors Allebone and L Lawman.

2. DECLARATIONS OF INTEREST

RESOLVED to note that no declarations of interest were received.

3. CONFIRMATION OF MINUTES

RESOLVED that the minutes of the meeting held on 26 March 2019 be confirmed and signed.

4. ANNUAL INTERNAL AUDIT OPINION 2019-19 INCLUDING FINAL PROGRESS REPORT FOR 2018-19

The annexed circulated report, along with the exempt appendix, of the section 151 officer was received to present members with the head of internal audit's opinion on the overall adequacy and effectiveness of the council's control environment.

The head of internal audit was unable to attend the committee and present the report to members; however he had given an update to the section 151 officer, who relayed this information to members.

The report confirmed that the overall internal audit opinion was that significant assurance can be given that there is generally a sound system of internal control and that controls are generally applied consistently. The majority of individual reviews had been given a moderate or significant level of assurance, except the financial management and reporting and homelessness and housing options reviews.

The final area that scored a limited level of assurance was exempt from the public, in accordance with section 100A of the Local Government Act 1972, due to the potential implications it could cause if it was released to the public. Once this matter has been resolved and there is no potential risk, the

information will be published on the website. It is likely that this will be as part of the next audit committee in September 2019.

The reasons for the lower level of assurance on the two areas noted above are as detailed:

- Financial management and reporting – the control objectives that received a limited level of assurance are the council's reliance on reserves and the need for identification and delivery of savings.
- Housing options and homelessness – the control objectives that received a limited level of assurance are the council's homelessness strategy and policy and level of resources available to implement all aspects of the legislation.

The section 151 officer explained that there had been progress on the above areas since the audits had taken place, some of which were completed in December 2018. For example, it was confirmed that the council's reliance on reserves had reduced since the last projection, falling from £1.7 million to £1.1 million.

Members expressed their relief on the reduction but agreed that work still needed to continue to ensure the council remain in a stable financial position in terms of revenue. The section 151 officer confirmed that he had undertaken budget clinics with each budget manager to try and identify savings that could be made across the council, and that these clinics would continue. Reassurance was also given that the audit opinion would likely be a moderate rating based on the council's current position.

It was highlighted that the homelessness audit was completed before the new housing manager was fully in post and any substantial changes had been implemented. It was confirmed that the housing team were now in a better position and that colleagues across the county had been coming to the council's housing team for best practise sharing and advice on homelessness.

Members discussed the updates on the report and queried why there was no information on the outstanding recommendations made by the internal audit team, a table which usually featured on the internal audit reports. The section 151 reassured members that the recommendations were being monitored and that he would circulate this information to members shortly.

RESOLVED that annual internal audit opinion and final progress reports be noted.

5. EXTERNAL AUDIT PROGRESS REPORT AND UNAUDITED STATEMENT OF ACCOUNTS 2018-19

The annexed circulated report of the section 151 officer was received to give members an update on the external audit progress from Ernst and Young (EY). It also presented the draft Statement of Accounts (SOA) for the year

ending 31 March 2019, prior to the audit being completed and any subsequent amendments to the draft statement.

The report confirmed that the draft SOA were signed by the section 151 officer on 31 May 2019 and that the external audit of these is due to take place in August, with the audit opinion to be issued in September. The audit date is later than planned due to EY experiencing significant issues in retaining and recruiting staff. It was explained that the situation was the same for all other authorities in Northamptonshire.

The associate partner at EY addressed the committee and apologised on behalf of EY for the inconvenience of the delayed audit, but confirmed that the delay will ensure that the audit that does get delivered is of a high standard.

It was confirmed that a good amount of preparatory work had already been completed on the audit, which had enabled the council's finance team to prepare for the audit in August. The associate partner noted that the value for money exercise had mostly been completed and that no significant issues had arisen as a result of this.

Members discussed the delay to the audit and expressed their concern and disappointment that it could not be completed on time and requested that a more detailed explanation be given to them. The associate partner confirmed that a letter giving a more detailed explanation from the managing director at EY had been sent to the senior management team, and that he was happy for this to be shared with members. The section 151 officer confirmed he would share this letter and issue a members briefing note giving further details on the external audit issues.

RESOLVED that:

- i) the matters, as set out in the council's external auditors letter, be considered; and
- ii) the annual governance statement and unaudited statement of accounts be considered, prior to final approval at the September 2019 committee.

Chairman

The meeting concluded at 8:15pm