

# **NORTHAMPTON BOROUGH COUNCIL**

## **AUDIT COMMITTEE**

**Monday, 5 September 2016**

**PRESENT:** Councillor Penny Flavell (Chair); Councillor James Hill (Deputy Chair);  
Councillors Matt Golby, Marriott, Stone and Patel

**APOLOGIES:** Councillor Clement Chunga

### **2. MINUTES**

The Minutes of the meeting held on 25 July 2016 were confirmed and signed by the Chair as a true record.

### **3. DEPUTATIONS / PUBLIC ADDRESSES**

Councillor Sally Beardsworth addressed the Audit Committee on agenda item 6 – Final Statement of Accounts. She queried the right to buy scheme and whether the money from this was spent on new builds. She added that Council and affordable housing in the town is in short supply. In response, the Chief Finance Officer advised that 70% from right to buy sales must be given to the Government; the Authority can keep the remaining 30% on the proviso that it is matched funded in the Housing Revenue Account and reinvested into new properties. A report is due to be presented to Cabinet at its meeting on 7 September 2016.

Councillor Elizabeth Gowen addressed the Audit Committee on agenda item 7 – KPMG External Audit – ISA260 Report. She commented that it appeared that a lack of evidence had been provided to the external auditors on time in respect of loans. Councillor Gowen added that in her opinion, this showed lack of capacity and training for staff. Councillor Gowen concluded her address by highlighting that audit trails are crucial.

Councillor Sally Beardsworth addressed the Audit Committee on agenda item 7 – KPMG External Audit – ISA260 Report referring to loans that the Council has given and the Council is acting like a bank. Councillor Beardsworth added that she had originally requested that the loan to NTFC be referred to Overview and Scrutiny to ensure that procedures and processes were in place.

The Chair thanked Councillors Beardsworth and Gowen for their addresses.

### **4. DECLARATIONS OF INTEREST**

There were none.

### **5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED**

There were none.

### **6. FINAL STATEMENT OF ACCOUNTS**

The Interim Strategic Finance Manager presented the report and confirmed that there were minor changes. He advised that the audit had gone well and there were no material changes.

The Audit Committee considered the Statement of Accounts (SoA) and Annual Governance Statement (AGS).

The Chief Finance Officer requested that authority was delegated to the Chair of the Audit Committee, in consultation with the Chief Finance Officer, to agree any further changes that may arise between the Audit Committee date and the date that KPMG issued the Audit Opinion.

In response to questions from the Audit Committee, it was confirmed that NBC is acting as a facilitator in respect of the loan to the University of Northampton. Some of the loans have margins to reflect risk, for example Cosworth, the University of Northampton and Unity Leisure. No margin is applied to the loan to the Rugby Club. A significant amount of focus and monitoring is applied to the loans. There are no issues at present with the repayments of loans from third parties.

At this point the Chair confirmed that she and the Chief Finance would not sign the Statement of Accounts until the Committee had considered the next agenda item 7 – KPMG External Audit – ISA260 Report. The Committee then heard from Officer, KPMG.

The Committee adjourned for two minutes whilst the Chair of the Audit Committee and the Chief Finance Officer signed the Statement of Accounts.

Resolved that:

- 1 The SoA 2015/16 is approved.
- 2 The AGS signed by the Leader and Chief Executive is acknowledged.
- 3 If there are minor amendments to the SOA required before 30 September 2016, following finalisation of the external audit work, that the Chair of the Audit Committee is delegated to sign them in consultation with the statutory S151 Chief Finance Officer (CFO).
- 4 The Chair of the Audit Committee, in consultation with the statutory S151 Officer, is delegated to sign a letter of representation to the Council's external auditors – KPMG.
- 5 Officers are requested to report to each subsequent Audit Committee on progress against the recommendations in the ISA260 external audit report.

## **7. KPMG EXTERNAL AUDIT - ISA260 REPORT**

The Chief Finance Officer submitted a report, which informed the Audit Committee on the findings and recommendations following external audit work carried out by KPMG on the draft statement of accounts.

The External Auditor, KPMG, drew the Committee's attention to each section of the report; highlighting salient points. It was confirmed that a qualified value for money conclusion would likely be given for the loan to NTFC; and an unqualified opinion on the Authority's financial statements was expected too.

In answer to the Committee's queries, the External Auditor advised that the report contains recommendations regarding future internal and external scrutiny. Progress reports on the delivery of the recommendations contained within the ISA260 report would be presented to each meeting of the Audit Committee.

Resolved that:

The report is noted and used to inform the Audit Committee of its approval of the Final Statement of Accounts.

## **8. AGENCY STAFF / VACANT POSTS REPORT**

The Chief Finance Officer presented the Audit Committee with additional information and answers in relation to a query regarding vacant posts and interim staff that had been raised by the Committee at its March 2016 meeting.

In response to questions raised by the Committee, the Chief Finance Officer advised that Directors and Heads of Service are accountable and undertake budget management in respect of staffing. The Committee requested further details regarding Agency Staff length of service and an update would be provided to the November 2016 meeting.

Resolved that :

- 1 The report is noted.
- 2 A further report is presented to the meeting of the Audit Committee on 14 November 2016.

## **9. INTERNAL AUDIT UPDATE - PWC**

The Internal Auditor, PWC, informed the Audit Committee on the current progress of internal audit work being carried out by PWC against the work plan. The Internal Auditor went on to advise of the role of PWC, internal auditors, and the role of LGSS Finance. He confirmed that there were no duplications of effort and provided examples.

At this point the Chair thanked Officers from PWC and KPMG for their attendance at the meeting.

Resolved that:

The report is noted.

The meeting concluded at 19:35 hours