

# NORTHAMPTON BOROUGH COUNCIL

## AUDIT COMMITTEE

Monday, 8 July 2019

**PRESENT:** Ian Orrell (Chair); Councillor Oldham (Deputy Chair); Councillors M Markham, Golby, Marriott and Stone

**APOLOGIES:**

### 2. MINUTES

The Minutes of the meeting held on 18 March 2019 were confirmed and signed by the Chair as a true record.

### 3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

### 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. INTERNAL AUDIT UPDATE

The Chair invited the Internal Auditor, BDO to address the Committee.

The Internal Auditor, BDO presented the Internal Audit Update report and set out to the Committee the three reports that have been submitted for consideration. The Internal Auditor explained in reference to the progress on the 2018/19 plan that all the actions required have been completed. Against the 2019/20 plan, the Committee heard that the Council is making good progress and has recently started a review on cyber and health and safety. Progress on these will be fed back to the next meeting of Audit Committee.

Members raised a question to the Internal Auditor as to who decides what is audited. In response, the Internal Auditor stated that the items chosen for audit are selected through management meetings, staff reviews and then presented to the Audit Committee. It was noted that the items for Audit to consider were approved at the last meeting of Audit Committee.

The Internal Auditor, BDO explained to the Committee that there has also been a Senior Management restructure and that 4 recommendations have been put forward in reference to this to ensure the mechanics of this are working. In reference to Temporary Accommodation arrangements have been made around rent collection and good improvement has been made through the corporate wide homeless strategy.

Members raised a question that if an appeal was heard at court, and found not to be in the Council's favour, how it would affect the budget. The Chief Finance Officer responded stating that the budget is a guide, that there are variances and uncertainties which are accorded for respectively. The Internal Auditor further explained that the Council is chasing debt from people in difficult circumstances in temporary accommodation.

Councillor Stone raised a question to the Chief Finance Officer about whether Northampton

Partnership Homes have their own internal audit process. In response to questions from Members, the Chief Finance Officer explained that the Council will work more closely with Northampton Partnership Homes to get the information required for the Council's audit process.

Councillor M Markham stated to the Committee that she sits on Northampton Partnership Homes as a board member and that she will go back to them to state that the Council requires this information to assist with the audit process. She further commented that she has great concern that proper process has not been followed and that the Major Capital Projects area gives her the greatest concern.

Councillor Stone enquired how the risks were being managed and whether NBC had suitable officers managing the large capital projects, Councillor Markham expressed a concern over the Museum Project and who was managing it with the HoS leaving, stating that there has been a runaway budget for Delapre Abbey and Sixfields and sought assurance that the forecast and annual spend will be closely aligned. In response, the Chief Finance Officer stated that the Council is refining our project management with reference to Delapre Abbey and issues are regularly reviewed at internal meetings at a corporate level. Cllr Golby also expressed concern on the projects.

The Internal Auditor, BDO explained regarding the high levels of non-compliance to formal requirements such as performance discussions and settings targets which are SMART. Non-compliance related not to individuals but the process. The appraisal process was given as an instance and it was noted that it is the responsibility of all Members of Staff to help improve the process. It was further noted that challenges and improvements are to be made especially heading towards unitary status.

The Chief Finance Officer also explained to the Committee that there is only one Human Resources Manager and that Human Resources is being restructured since September 2019. A new HR Business Partner will be appointed in August 2019.

Councillor M Markham asked the Internal Auditor, BDO as to whether there are issues with recruitment across the Council. The Internal Auditor, BDO responded that there is a widespread issue across the Council with regards to recruitment and retaining staff. He further stated that there have been issues concerning the handover process and succession planning which has created fragility. The Chief Finance Officer additionally stated that it is very difficult to secure succession planning in lots of specialist areas, and that the Council is looking to develop its staff from within the organisation.

The Internal Auditor, BDO stated that roadmaps are not currently in place referencing the digital strategy and that further scrutiny has been requested and this will happen in due course as the strategy develops. In regard to the follow-up recommendations, he continued that it will be pertinent to ensure that any findings and recommendations are assessed and any actions completed by the due date.

The Chair stated that there are outstanding issues that need addressing and questioned when a suitable time will be to see managerial responses by. The Chief Finance Officer stated that he aims to provide a response to the September meeting of the Audit Committee.

The Chair invited the Internal Auditor, LGSS to present his report to the Committee. The Internal Auditor, LGSS explained that there has been a satisfactory level of compliance assurance with reference to the Accounts Receivable audit. The Housing Benefits audit is currently in draft stage although it was noted that benefit claims are recorded accurately. The Fixed Assets Register is additionally up to date and compliant.

**RESOLVED:**

- 1. Reviewed the Internal Audit Update and were satisfied with its contents.**
- 2. The Audit Committee asked that the Overview and Scrutiny Committee be invited to consider whether they should review the Museum Project.**

**7. QUARTER 4 CORPORATE RISK REGISTER**

The Chair invited the Governance and Risk Manager to present the Corporate Risk Register at Quarter 4.

The Governance and Risk Manager explained to the Committee that the Corporate Risk Register will be updated in July 2019 to outline the current risks to the Authority.

Councillor Stone stated in reference to risk number 7 that the town centre remains the main focus and that it remains important that we set definitions and measurements for 'economic prosperity'.

In response, the Chief Finance Officer outlined that he will request the Corporate Management Board to look at the below issues and feedback at the next meeting.

Councillor Markham commented that three quarters of economic activity takes place in the town centre and in the case that the Government is successful in its bid for government money that the new project will address risk consequences.

Councillor Stone further commented on risk number 4 that any rise in temporary accommodation should be measured regularly against the national average.

**RESOLVED:**

- 1. Reviewed the Quarter 4 Corporate Risk Register and were satisfied with its contents**

**8. QUARTER 4 2018-19 PERFORMANCE OUTTURN REPORT**

The Chair invited the Chief Finance Officer to present the Quarter 4 Performance Outturn Report for 2018/19.

Councillor Stone questioned the Chief Finance Officer requesting how we can define the state of the Northampton town economy and judge how to assess its performance. In response, the Chief Finance Officer stated that the Council needs to keep in consideration the performance of the whole economy of the Borough of Northampton.

**RESOLVED:**

- 1. Reviewed the Quarter 4 2018-19 Performance Outturn Report and were satisfied with its contents**

**9. CHIEF FINANCE OFFICER REPORT TO THE AUDIT COMMITTEE**

The Chair invited the Chief Finance Officer to present his report to the Committee. The Chief Finance Officer stated that KPMG no longer conduct audits for local government. He elaborated that the accounts for 2017/18 will be presented for approval at the next meeting and that the new auditors would then be able to start consideration of the 2018/19 audit.

In response to questions from Members, the Chief Finance Officer confirmed that the Borough Council will require its own set of accounts for 2020/21 before the establishment of the new unitary authority in the financial year 2021/22.

**RESOLVED:**

- 1. Reviewed the Chief Finance Officer Report and were satisfied with its contents**

**10. 2018-19 FINANCE OUTTURN REPORT**

The Chair invited the Chief Finance Officer to present the Finance Outturn Report.

The Chief Finance Officer continued that there remains a risk if the Government changes rules, although there remains sufficient general fund reserves. The Committee heard that the general fund overspent by £0.732 million which was funded from reserves and that there has been an increase of sixteen posts for Outreach.

**RESOLVED:**

- 1. Reviewed the 2018-19 Finance Outturn Report and were satisfied with its contents**

The meeting concluded at 8:00 pm