

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 9 November 2015

PRESENT: Councillor Nunn (Chair); Councillors Lynch, Chunga, Kilbride, Marriott and Stone

1. APOLOGIES

Apologies were received from Councillor Golby.

2. MINUTES

The Minutes of the meeting held on 7th September 2015 were confirmed and signed by the Chair as a true record.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

Councillor Kilbride declared a personal non pecuniary interest as a Board Member on Northampton Partnership Homes.

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

Councillor Nunn spoke of the recommendation that had been made at the Special Council Meeting where a motion was passed on the NTFC loan, held on the 2nd November 2015 where it was resolved that:

“Audit Committee be asked to review our policies and procedures and make recommendations necessary for implementation in business arrangements of this nature. The Audit Committee would then present any recommendations to Full Council”.

The Chair noted that there were on-going critical discussions and there was a need to focus on the Borough Council aspects of the NTFC loan and whilst examining the lessons that could be learned, it was imperative that the Committee did not prejudice any decision or outcome. The Chair proposed that for the initial assessment of the situation, it would be useful if the Committee could be provided with an overview of the timeline so that Members could choose what information they could drill more deeply into.

The Borough Secretary and Monitoring Officer explained that the internal auditors would not, at this stage, be asked to look into the loan agreement. He stated that the information available was extremely complex and examining the chronology would be more productive for Councillors.

Members of the Committee **AGREED** that a report on Northampton Town Football Club and Sixfields be included on the next Audit Agenda to meet on the 18th January 2016.

6. TREASURY MANAGEMENT OUTTURN 2014-15

The Finance Manager submitted a report on behalf of the Chief Finance Officer and elaborated thereon. She explained that the Council continued to make use of internal borrowing to fund its capital expenditure programme. It was noted that a return of 0.66% had been achieved on investments compared to the 7 day LIBID benchmarks of 0.35% and that the Council had significantly higher levels of cash balances throughout the year than budgeted. In response to questions asked, it was explained that the cash balance was not spare cash as it had been earmarked, but that it could be used as cash against borrowing. It was further explained that two certificates of deposit, taken out in 2014-15, were sold prior to maturity which was advantageous as a small gain could be made in order to re-invest.

RESOLVED:

That Audit Committee reviewed the Treasury Management Outturn Report for 2014-15.

7. FINANCE MONITORING REPORT

The Strategic Finance Manager submitted a report on behalf of the Chief Finance Officer. It was noted that a major forecast variation was the debt financing of £332K which was favourable, arising from a lower level of funding by borrowing in 2014/15 due partly to carry forwards in the capital programme. Members were also informed that the HRA to the end of July was forecasting a saving of £43k, due to non-dwelling rents. Referring to Appendix 6 'Managed Debt Analysis' it was explained that there was a significant increase in arrears being shown, however this was mainly down to timing, with some big invoices being raised in August and September which have now been paid.

It was suggested that an officer from the Recovery Team be invited to a future meeting to explain the Managed Debt Analysis more in depth and provide an updated and more precise commentary. It was also suggested that if available national trends be provided so that comparisons could be made on performance. The Committee asked that a report on methods and analysis of debt be tabled for a future meeting and asked that further information on the car parking information be provided to reflect any changes to footfall in the Town Centre.

In response to a question asked, the Chief Finance Officer explained that the approved Capital Programme included £9.3m to fund the construction of 100 new Council dwellings, of this £8.6m was in the form of additional borrowing approvals from Government. The borrowing has not been undertaken as yet and will only be taken when required over the project.

RESOLVED:

1. That the Committee considered the contents of the following finance reports:
 - General Fund Revenue Monitoring (Appendix 1);
 - General Fund Capital Monitoring (Appendix 2);
 - HRA Revenue Monitoring (Appendix 3);
 - HRA Capital Monitoring (Appendix 4).
2. That the position on car parking income and usage as at 31 July (Appendix 5 of the report) be noted.
3. That the latest position in relation to the Council's outstanding debts as at 31 September (Appendix 6 of the report) be noted.

That consideration be given to whether Committee requires any additional information in order to fulfil its governance role.

8. EXTERNAL AUDIT UPDATE

8.1 ANNUAL AUDIT LETTER REPORT

The External Auditor submitted his annual audit letter report and elaborated thereon. It was noted that there were no material statements or adjustments needed and that officers had assisted and co-operated fully. One risk area that had been identified was with Northampton Partnership Homes (NPH) but there had been no material errors or misstatements and no increased priority recommendations. He explained that KPMG were not auditors for NPH and therefore were not aware of their figures. In response to questions asked, the auditor explained that any weaknesses identified would have been reported in the ISO260 report published earlier in the year. He went on to confirm that members of the public were able to inspect to the statement of accounts.

RESOLVED:

That the report be noted.

9. INTERNAL AUDIT UPDATE

The Internal Auditor submitted a report, providing a progress update on the agreed 2015/16 internal audit plan. It was explained that they were currently reviewing the LGSS contract to ensure that the Council were receiving value for money. It was explained that the specific areas being reviewed were HR and Legal Services to ensure that the contractual obligations were being delivered. It was explained that with regards to Governance and Risks, Risks were being managed quite well but since the Risk Manager had transferred to LGSS there was a lack of strategic risk management, but that future work would be undertaken with senior managers to ensure that risk are being identified, prioritised and dealt with effectively and efficiently.

The meeting concluded at 7.27pm