

# **NORTHAMPTON BOROUGH COUNCIL**

## **AUDIT COMMITTEE**

**Monday, 27 June 2016**

**PRESENT:** Councillor Flavell (Chair); Councillor Hill (Deputy Chair); Councillors Golby, Chunga and Marriott

### **1. APOLOGIES**

Councillor Stone sent her apologies.

### **2. MINUTES**

The Minutes of the meeting held on the 16<sup>th</sup> May 2016 were agreed and signed by the Chair with the amendment under item 10 from “and significant issues” to “any significant issues”

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

Councillor Beardsworth addressed the Committee on item 9.

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

None.

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

None.

### **6. LGSS INTERNAL AUDIT ANNUAL REPORT**

The Group Auditor presented the report and elaborated thereon. He referred to P.5 of the agenda and advised that LGSS are looking at financial systems, accounts payable systems, bank reconciliation process and the controls operated throughout the year to help external auditors when looking at financial statements. He referred to Table 1 on P.5 which outlined the Assurance level definitions. Table 2 on P.6 was referred to which detailed the assurance opinions. He stated that positive reviews were given on auditable areas however there were some issues with payroll but recommendations have been put to payroll management to implement.

In response to questions from the Committee the Group Auditor responded as below

- That electronic signature by internal email system is recommended over ink signature to deal with debt recovery and write off.
- The £16,865 test sample was a write off as should have been authorised by a Head of Service but was authorised by the level down from this.
- E – Signatures are common practice these days.

### **RESOLVED**

That the report be noted

### **7. INTERNAL ANNUAL AUDIT REPORT**

The PwC Senior Audit Manager presented the report and elaborated thereon. P.21 of the report was referred to. He advised that the Audit Committee agreed to a level of internal

audit input of 200 days, of which 175 were delivered. P.23 was referred to which outlined the Auditor's opinion. The Borough Council received a "generally satisfactory with some improvements required" opinion from PwC. It was advised that it is very rare that an organisation gets a satisfactory opinion. It was also advised that the key areas PwC focussed on were outline on p.22 of the agenda and that the plan was changes in numerous areas to identify risk around Northampton Town Football club. The Senior Audit Manager stated that no significant control weaknesses have been identified. Section 3 outline summary of internal audit work performed and section 4 draws out implications for next year's plan.

The Chair stated that it is essential the Committee have all aspects of the report a week before the Committee meeting so that the reports can be adequately reviewed.

## **RESOLVED**

That the report be noted.

### **8. ANNUAL INTERNAL AUDIT PLAN 2016-17**

The PwC Senior Audit Manager submitted a report and elaborated thereon. It was advised that the plan has been discussed with the Executive and members of the Audit Committee. P.37 of the agenda was referred to which outlined the basis of PwC's audit plan. The diagram on P.38 of the agenda was also referred to which represents the units within the audit universe of Northampton Borough Council and explained these units form the basis of the internal audit plan. P.40 – 42 outlines how the audit plan is pulled together and also demonstrates level of risk taken into account. The Senior Audit Manager stated that PwC will be bringing reports thought to Committee much more frequently.

In response to questions from the Committee the Senior Audit Manager stated that the £85,000 fee is based on 200 day's work but the fee will be reduced if the work is completed prior to this.

## **RESOLVED**

That the report be **NOTED**.

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

Councillor Beardsworth addressed the Committee. She stated there is little detail in the report and wanted information on who authorised payments to the Sixfield's Club. She also stated that the general public want more information regarding the loan so their fears can be dispelled. She expressed her concerns regarding the length of time the audit has taken.

The Senior Audit Manager addressed the Committee and the advised that a substantial amount of the field work is complete and that there has been a significant amount of information to go through. It was also advised that the report is going through the established process and once complete will be brought to Audit Committee.

In response to questions from the Committee the Senior Audit Manager responded as below

- That he cannot advise a specific completion date due to the complexities of the work.
- That it is important to go back to the terms of reference to get a sense of what is to be reported.
- If there is any evidence that cannot be found PWC will go back through the significant amount of information that was made available.

Councillor Marriot suggested that Portfolio Members should come to the Audit Committee meetings.

**RESOLVED**

That the report be noted

**10. EXTERNAL AUDIT UPDATE**

The External Auditor from KPMG addressed the Audit Committee and stated that KPMG currently have nothing to report to the Committee and will deliver report at the next Audit Committee.

**RESOLVED**

That the report be **NOTED**

The Chief Finance Officer addressed the Committee and advised that the next Audit Committee meeting will be looking at the draft accounts and before this will hold some training to take the members of the Committee through the accounts.

The meeting concluded at 18:46