

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 3 July 2017

PRESENT: Councillor M Markham (Chair); Councillor Oldham (Deputy Chair);
Councillors Golby, Chunga, J Hill, Marriott and Stone

1. APOLOGIES

There were none.

2. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

3. DECLARATIONS OF INTEREST

There were none.

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

There were none.

5. DRAFT STATEMENT OF ACCOUNTS 2016-17 AND ANNUAL GOVERNANCE STATEMENT

The Head of Integrated Financial Services (LGSS) submitted a report on behalf of the Chief Finance Officer and elaborated thereon. He explained that the Statement of Accounts (SoA) had been signed off by the Section 151 Officer and had been released to the External Auditors – KPMG by the required deadline of 30th June. It was noted that there were some issues that had impacted on the timeline of production of the SoA which included a staff key member of staff having left and additional work needed around housing valuations. It was noted that at a previous meeting of the Audit Committee on the 6th March 2017 a report had been submitted which approved the Accounting Policies and Statement of Accounts changes and noted that there had been a number of changes to the format of the accounts. It was further explained that next year's deadline would be more challenging as it had been set as the 31st May and explained that work was already being undertaken to ensure that capital entries are fed into the account statements sooner as these were a key element. It was noted that the public inspection period had commenced and would be available for inspection for 30 working days.

In response to questions asked by the Committee, it was explained that the consequences of not adhering to the deadlines would be reputational damage. It was noted that the Chief Finance Officer's opinion was that the SoA was a true and fair opinion and on that basis was referring them to the External Auditors. In comparison to other Councils he noted that the Borough Council were financially ahead of similar sized Councils as there had been a contribution to reserves which had been relatively high although it was explained that the Council would face increased financial challenges over the next 2 – 4 years. In response to concerns about staffing, it was explained that the Director of Regeneration, Enterprise and Planning would be undertaking a restructure specifically in relation to Assets, and the lack of valuers. In reference to the New Homes Bonus (NHB) it was reported that significant changes had occurred in April 2017 as the Government had changed the amount of NHB the Council would get. Previously, the Council had received £5 million but that this was expected to decrease from a 6 year to a 4 year scheme which had been accounted for in the Medium Term Financial Plan.

The Interim Strategic Finance Manager referred to the Annual Governance Statement and noted that a significant change in 2016/17 was the development of a Governance action Plan to address recommendations from the Internal Auditors, the progress of which would be noted at future Audit Committees. It was noted that the new governance guidelines had been issued by CIFA SOLACE and the Council had started a self-evaluation of its compliance within the framework and any gaps in governance would be identified through this. It was reported that the Annual Governance Statement was a review of the Council effectiveness and had referred to the work and opinions of External and Internal auditors. The work undertaken through the Governance Action plan was recognised and significant improvements had been made; there were still some outstanding improvements which Management Board were committed to progressing.

In response to questions asked, it was noted that with regards to Northampton Partnership homes (NPH) that it was a subsidiary of the Council for accounting purposes and their accounts had been consolidated into the Council's Group Accounts.

The Chair commented that she would request further training on the statements of accounts for Audit Committee members.

RESOLVED:

That the Audit Committee noted the draft Statement of Accounts 2016/17 and the draft Annual Governance Statement.

6. PROPOSAL TO RECRUIT AN INDEPENDENT AUDIT COMMITTEE CHAIR

The Borough Secretary and Monitoring Officer submitted a report and explained that the proposed recruitment of an Independent Chair was a means to increase the strength and effectiveness of the Audit Committee; they would be independent, non-voting co-opted members who would be additional to the seven elected members. It was further reported that a CIPFA recommendation was self-assessment questionnaire to ensure that the Committee were effective and challenged in their roles. It was noted that it would also help in the planning of future audits and would also assist in identifying training needs.

In response to questions asked, it was noted that Members were appointed to the Audit Committee which was politically neutral and that the appointment of an independent chair would reinforce that. It was noted that the Independent Chair would receive remuneration, but that it would not be dissimilar to the Special Responsibility Allowance received by the current chair of Audit. It was noted that the recommendation was to endorse the appointment of the independent Chair be referred to Council and could potentially decide whether to agree to the recommendation to give the Independent Chair remuneration and the amount it would be.

RESOLVED:

- 2.1 That it be recommended to Full Council that the composition of the Audit Committee is altered to provide that the Chair of Audit Committee would be an independent, non-voting, co-opted member and would be in addition to seven elected Members, and that the necessary amendments be made to the Council's Constitution.
- 2.2 That consideration be given on the CIPFA Self-assessment of Good Practice questionnaire for Audit Committees at Appendix 1 of the report.

7. FINANCIAL OUTTURN 2016/17

The Chief Finance Officer submitted a report and elaborated thereon and noted the General Fund outturn for controllable service budgets showed an underspend of just under £1.4 million and referred to table 2 of the report which outlined the proposed use of the 2016/17 underspend. It was further noted that some of the underspends were staff related savings but that some of them would have offset expenditure on temporary and agency staff to deal with capacity issues. In response to questions asked, it was reported that should Northampton Partnership Homes (NPH) have an underspend, they would retain that for the next financial year but that they would need to demonstrate to the Council how the money would be spent.

RESOLVED:

That the contents of the finance report be considered.

8. DEBT MONITORING REPORT

The Benefits and Fraud Manager (LGSS) submitted a report on behalf of the Revenues Manager and explained that the Revenue and benefit service compiled a corporate debt summary that monitored the percentage of debt that was not currently managed. It was noted that the continued Welfare Reforms had increased the pressures on those liable for Council Tax and on a Low Income. In response to questions asked, it was explained that research had been undertaken and comparison between the claimant types between March 2016 and March 2017 was evidenced in the table at 3.1.33 of the report. It was further explained that bailiffs were used for appropriate debt management and for cases of bad debt, and that the officers had a close working relationship with the enforcement agents. It was noted that they had a very specific framework to adhere to, and that most of the work that they undertook involved very little 'door-knocking'. In response to a question asked about debt comparison to other local authorities, it was confirmed that Milton Keynes had a higher debt recovery rate but that was due to more aggressive recovery.

RESOLVED:

1. That latest position in relation to the Council's outstanding debts as at 31st March 2017 was noted.

9. INTERIMS AND VACANCIES UPDATE

The Chief Finance Officer submitted a report and noted that at a previous meeting of the Audit Committee, members had requested further information relating to the number of interim/agency staff and vacant positions that were currently held at the Council. He referred to information set out at tables 3.2.1 and 3.2.2 of the agenda and noted the overall decrease in the number of agency staff and interims and the length of engagement. Member's discussed the cost of interims and it was explained that sometimes there was a need for money to be spent on getting qualified people to do a specific job that was often very specialist and therefore few alternatives were available.

The Committee asked for additional information that would explain;

- a) Of the 22 reductions reported, what had happened to the posts.
- b) How has productivity been affected
- c) How much money was being spent on Interim and Agency staff?

RESOLVED:

1. That the report be noted

2. That the above questions be answered and presented at the next Audit Committee.

10. PERFORMANCE OUTTURN 2016/17

The Borough Secretary submitted a report and elaborated further and noted that for Quarter 3, the number of overall performance indicators that were red – Outside agree target tolerance' was at 35.71% and that Quarter 4 it had fallen to 27.27%. It was noted that within the monthly measures, a more detailed narrative had been requested and that information had been provided within the appendix. Concern was voiced by Members that the delay in the establishment of a social lettings agency was a year overdue and the money spent on homelessness and prevention was unacceptable and avoidable had the SLA be formed earlier and more effectively.

The Borough Secretary reported that he would explore ways for the crime figures to be better presented and more detailed.

RESOLVED:

2.1 That the contents of the performance report (appendix 1) be reviewed.

2.2. That the performance report that will be presented to Cabinet on 21 June 2017 be approved.

11. INTERNAL AUDIT PLAN - 2017-18

The Internal Auditor submitted a report and explained that the work plan had been developed in conjunction with the Councils Management Board and noted that the proposed PwC Internal Audit Plan for 2017/18 showed the areas that would be completed and would focus on key areas around governance and the management of risk and finance.

The Chair thanked the internal auditors for the work that they had completed.

RESOLVED:

That the PwC internal audit plan for 2017/18 be agreed.

The meeting concluded at 7.53pm