

## AUDIT AND GOVERNANCE COMMITTEE

**Monday 22 September 2014**

**COUNCILLORS PRESENT:** Councillors Fry (Chair), Fooks (Vice-Chair), Coulter, Darke, Seamons, Thomas and Henwood.

**OFFICERS AND OTHERS PRESENT:** Christopher Dickens (Pricewaterhousecoopers (PWC)), Nigel Kennedy (Head of Finance), Jeremy Thomas (Head of Law and Governance), Jennifer Thompson (Law and Governance), Scott Warner (Investigations Manager), Anna Winship (Financial Accounting Manager) and Alan Witty (Ernst & Young)

### **17. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Mike Rowley. Councillor David Henwood attended as substitute.

The committee noted apologies from Jacqueline Yates, Executive Director.

### **18. DECLARATIONS OF INTERESTS**

There were no declarations of interest.

### **19. EXTERNAL AUDIT - AUDIT RESULTS REPORT FOR THE YEAR ENDED 31 MARCH 2014**

Ernst and Young as the council's external auditors submitted their audit results report for the year ending 31<sup>st</sup> March 2014.

Alan Witty and Mick West, from Ernst and Young, stated that they intended to issue an unqualified opinion on the accounts following conclusion of the audit. The audit had uncovered a number of misstatements subsequently corrected by officers although it was noted that these had no effect on the overall financial position of the council. They had also identified a further two misstatements which officers had not corrected.

In response to questions around the uncorrected misstatements within the accounts, Nigel Kennedy, Head of Finance, stated that the provision made in the accounts for business rates appeals was in his opinion sufficient and did not require any notes or additions to the accounts. In respect of an uncorrected presentational misstatement relating to pensions he advised that he saw no merit in further complicating the Statements for changes which made no overall difference to the council's financial position. This position was further explained in the officer's report (minute 20 refers) and the Letter of Representation to be signed by both the Head of Finance and the Chair of Audit and Governance.

The committee noted that resourcing issues which arose during the audit had delayed the audit, and that Nigel Kennedy had made representations to Ernst and Young who had apologised and given assurances that the situation would be improved next time.

The committee agreed:

1. to note the report; and
2. to note the comments from the external auditors and the Head of Finance.

## **20. STATEMENT OF ACCOUNTS 2013/14**

The Head of Finance submitted a report detailing the Council's Statement of Accounts for the year ending 31 March 2014. The letter of representation is appended to these minutes.

The Committee agreed:

1. to approve the audited 2013/14 Statement of Accounts and to authorise the Head of Finance and the Chair of the Audit and Governance Committee to sign the Statement of Accounts, which they duly did; and
2. to approve the Letter of Representation (appended to these minutes) to enable the Opinion to be issued and to authorise the Chair of the Audit and Governance Committee to sign the Letter of Representation.

The Chairman signed the letter and passed this to the representatives from Ernst and Young, the Council's External Auditors.

## **21. INTERNAL AUDIT PROGRESS QUARTER 1 2014/15 - PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report on behalf of the Council's internal auditors, PWC, setting out progress in delivering the 2014/15 audit plan.

Christopher Dickens, PWC, updated the committee on the audit team and their work. There would be a combined audit of the sports pitch and cash collection because of the overlap of these services. Members suggested there was merit in reviewing the existing contracts with IT suppliers to inform the drafting of future contracts.

The committee agreed to note the report.

## **22. PROGRESS ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS**

The Head of Finance submitted a report setting out progress on the implementation of internal and external audit recommendations.

Anna Winship, Finance, introduced the report and with Christopher Dickens, PWC, answered questions from the committee. Work on reducing the outstanding high risk (business continuity) was complete. Scott Warner, Investigations Manager, advised that a report on the implementation of the DWP Single Fraud Investigation Service for the investigation of Housing Benefit Fraud would be brought to the next meeting.

The committee noted the work on several aspects of community centre leases, progress in implementing the audit recommendations, and the on-going work to

reduce the risks in leasing the centres and to renew leases or agreements. They asked for a separate report about the regularisation and renewal of community centre leases and agreements at the February meeting.

The committee noted the campaign to stop tenants fraudulently sub-letting of the council's housing stock, and that housing associations were taking part in this.

The committee agreed:

1. to note the report and comments;
2. to note that progress on the recommendations for Asset Management would be submitted to the next meeting; and
3. to ask for a separate report on the regularisation of community centre leases.

### **23. RISK MANAGEMENT STRATEGY**

The Head of Finance submitted a report containing a revised risk management strategy and operating framework for the Council. The City Executive Board will consider the strategy at its meeting on 15<sup>th</sup> October.

The committee agreed to note the risk management strategy and operating framework, and make no comments to the City Executive Board.

### **24. RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 1, 2014/15**

The Head of Finance submitted a report outlining the corporate and service risks at the end of Quarter 1, on 30<sup>th</sup> June 2014.

Anna Winship, Finance, presented the report and said that the high risks shown had been mitigated and the risks reduced. The Scrutiny Finance Panel continued to monitor specific risks to major projects.

The committee agreed to note the report.

### **25. MINUTES**

The committee agreed to approve the minutes of the meeting held on 26<sup>th</sup> June 2014 as a true and accurate record.

### **26. DATES AND TIMES OF MEETINGS**

The committee noted the dates and times of future meetings.

**The meeting started at 6.00 pm and ended at 7.30 pm**

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