

AUDIT COMMITTEE

6.10 P.M.

13TH SEPTEMBER 2017

PRESENT:- Councillors Abbott Bryning (Chairman), Colin Hartley (Vice-Chairman), Nathan Burns, Elizabeth Scott, Malcolm Thomas, David Whitaker and Nicholas Wilkinson

Officers in attendance:-

Nadine Muschamp	Chief Officer (Resources) and Section 151 Officer
Andrew Clarke	Financial Services Manager
Joanne Billington	Internal Audit & Assurance Manager
Andrew Taylor	Corporate Fraud Manager
Lorraine Farrow	Principal Auditor
Paul Thompson	Accountancy Manager
Sarah Moorghen	Democratic Support Officer

Also in attendance:-

Chris Paisley	Audit Manager KPMG (UK)
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11 MINUTES

The minutes of the meeting held on the 28th June 2017 were signed by the Chairman as a correct record.

12 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

There were no items of urgent business.

13 DECLARATIONS OF INTEREST

There were no declarations of interest.

With the agreement of the Committee the Chairman brought forward the “Counter Fraud – Annual Report 2016/17” to allow the Corporate Fraud Manager to leave the meeting after the conclusion of this item (minute 14 refers).

14 COUNTER FRAUD - ANNUAL REPORT 2016/17

The Corporate Fraud Manager presented the Counter Fraud – Annual Report 2016/17 to inform the Committee of the extent and outcome of the counter fraud work during 2016/17.

It was reported that Local Authorities had a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. In addition there was also a duty to have effective controls in place to prevent, detect and investigate fraud and error.

From 1st June 2015 responsibility for Housing Benefit fraud investigation had transferred

to the Department for Work and Pensions and the City Council had made the decision to form a Corporate Fraud Team, shared with Preston, Lancaster and Fylde Councils.

The report detailed performance and counter fraud activity undertaken by the Corporate Fraud Team during 2016/17.

Members asked a number of questions in relation to fraudulent tenancies, performance, overpayments, prosecutions and what had been done to promote the deterrent effect.

Resolved:

That the report be noted.

15 THE ANNUAL GOVERNANCE STATEMENT 2016/17

The Committee received the report of the Chief Executive that sought Committee's recommendation for the adoption of the Annual Governance Statement (AGS) for the 2016/17 financial year.

Members were advised by the Internal Audit and Assurance Manager, that the City Council's external auditors, KPMG required some additional wording to be inserted into the AGS. This had been circulated to Members separately via email prior to the meeting.

The Internal Audit and Assurance Manager explained that the AGS had been compiled following the completion of assurance statements by service managers and following a governance workshop with Chief Officers.

The Internal Audit and Assurance Manager took the Committee through the AGS explaining how the Council has to demonstrate compliance to the seven core principles, which are documented in the Code of Corporate Governance. She highlighted the four 'significant governance issues' within the statement and confirmed that an action plan would be circulated at a later date detailing the steps that would be taken to address the issues.

The Committee considered the Annual Governance Statement and asked a number of questions regarding risks and the meaning of 'significant' in the AGS, employees performance, the Council's Whistleblowing procedures and reporting timescales.

It was proposed by Councillor Thomas and seconded by Councillor Whittaker:

"That the recommendations in the report be approved"

Upon being put to the vote, Members voted unanimously in favour of the proposition, whereupon the Chairman declared the proposal to be clearly carried.

Resolved:-

- (1) That the Annual Governance Statement for 2016/17, including the additional wording required by KPMG, be recommended for adoption and for signing by the Chief Executive and the Leader of the Council.

16 STATEMENT OF ACCOUNTS 2016/17

The Committee received the report of the Chief Officer (Resources) which sought Member approval for the 2016/17 audited accounts to allow the completion of financial reporting.

In accordance with the Accounts and Audit Regulations, the draft accounts had been produced by the 30th June 2017 and certified by the Section 151 Officer on that date. They had been made available for public inspection and had been externally audited.

Members were advised that there was one misstatement in the accounts which required adjustment.

There were a small number of presentational adjustments required to the accounts. Subject to supporting documentation being completed and reviewed, an unqualified audit opinion was anticipated. An unqualified Value for Money (VFM) conclusion was also expected. It was reported that one formal objection to the accounts had been received and this was currently being considered by the External Auditor.

Chris Paisley, Audit Manager KPMG (UK), guided Members through the External Auditor’s formal report which was set out at Appendix A to the report, and reported on the key issues identified during the audit of the financial statements.

In due course, KPMG would finalise the audit and issue their opinion, subject to any outstanding objection, in time for the audited Accounts to be published by the 30th September 2017.

Members asked a number of questions in relation to boundaries for the Local Adjustment Factor, the surplus on provision of services, VFM opportunities, fees, the level of variance and pension’s liabilities.

Resolved:-

- 1) That the report for 2016/17, issued by the City Council’s External Auditors be noted, together with the letter of representation to be signed by the Section 151 Officer.
- 2) That the audited Statement of Accounts for the financial year ended 31st March 2017 be approved and that the Accounts be signed and dated by the Chairman.

17 INTERNAL AUDIT MONITORING

The Committee received the report of the Internal Audit and Assurance Manager to advise Members of the latest monitoring position regarding the 2017/18 Internal Audit Plan and sought approval for the proposed variations to the Plan as set out at paragraph 1.3 of the report;

	Report Status				
Category of Audit	Final Issued	Assurance Level	Fieldwork	Draft Report	Comments
Revenue Shared Service					

Financial Systems					
NNDR – Strategic (rate avoidance)			✓		
NNDR – Transactional			✓		
E-Claims					Q3

A summary of the monitoring position up to 15th August 2017 was outlined to Members. The Committee were advised that minor changes had been made to the 2017/18 Audit Plan in respect of internal audit work under the Revenue Shared Service Arrangement, however there had been no changes made to the number of allocated days, which currently stood at 42 days.

Resolved:-

- 1) That the latest monitoring position be noted.
- 2) That the proposed revisions to the audit plan, as set out in 1.3 of the report be approved.

18 LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REVIEW LETTER 2016/17

The Committee received the report of the Internal Audit and Assurance Manager which considered the Local Government Ombudsman's Annual Review Letter for the year ending 31st March 2017.

The Local Government Ombudsman's Annual Review Letter 2016/17 was appended to the report for Members consideration. A total of 15 complaints and enquiries had been received against the City Council in 2016/17 compared to 12 in 2015/16. 17 decisions had been made in 2016/17 compared to 17 in 2015/16.

Members noted that 3 of the decisions related to complaints which had been investigated in detail, 2 of which had been upheld. This compared to 3 detailed investigations in 2015/16, of which 2 were upheld.

Members were informed that both upheld complaints had now been closed by the Local Government Ombudsman following implementation of the recommended actions.

Resolved:

That the report be noted.

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Chairman

(The meeting ended at 7.35 p.m)

**Any queries regarding these Minutes, please contact
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