

GOVERNANCE AND AUDIT COMMITTEE

Date: 1 February 2017

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30pm

Present: Councillors: Colin Wright (Chairman)

John Farrar	Alex Smith
Lance Jones	Robin Underwood
Valerie Raven-Hill	Peter Wathen

External attendees:

John Gorrie
Asim Iqbal
(External Auditors – KPMG)

For Agenda items External Audit Progress Report and Technical Update, Grant Certification 2015/16 & External Audit Plan 2016/17

Rachel Ashley-Caunt
(WIAC Head of Internal Audit)

For Agenda item Welland Internal Audit Consortium – Internal Audit Progress and Performance

382. APOLOGIES FOR ABSENCE

There were no apologies

383. MINUTES

The minutes of the meeting held on 30 November 2016 were approved and signed by the Chairman.

384. DECLARATIONS OF INTEREST

No declarations of interest were made by members of the Committee.

385. QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3

No questions were submitted under Procedure Rule 10.3.

386. PURCHASE ORDER UPDATE

The Finance Manager provided an update of performance for December 2016 in isolation and cumulative data from April to December 2016 against the Purchase Order targets. Some areas of the authority had achieved 80% against the 70% target, however there was still work to be done to improve performance further.

Some anomalies had been identified in the way that invoices were processed between different teams and these would be addressed. An upgrade to the system was due to be installed on 3 February and this would allow timescales to be drafted for the implementation of intelligent scanning which will help to increase performance levels further through automating some of the processes. The new performance target for 2017/18 would be 90% to allow time for additional processes to embed.

Members discussed some aspects of the financial systems and sought clarification on the procedures and targets around the payment of invoices.

RESOLVED:

That the report be noted.

(Reason – to review the performance of Purchase Order process against the agreed target)

387. FUTURE OF INTERNAL AUDIT

The Chief Finance Officer presented a verbal update on the future of the Internal Audit service following the transfer of the Welland Partnership to LGSS. The draft Common Agreement and Service Level Agreement had been shared with the authorities using the service and these would be carefully scrutinised to ensure they were fit for purpose and provide the level of service required.

RESOLVED:

That the report be noted.

(Reason – to ensure the Committee is fully apprised of plans for future delivery of the service)

388. WELLAND INTERNAL AUDIT CONSORTIUM – INTERNAL AUDIT PROGRESS AND PERFORMANCE

The Welland Internal Audit Consortium provided the Internal Audit service for East Northamptonshire Council and was commissioned to provide 230 days to deliver the 2016/17 Annual Audit Plan. The Public Sector Internal Audit Standards required periodic reporting to the 'Audit committee' including the performance of Internal Audit against the agreed plan and any key findings regarding the council's risk management and control arrangements highlighted in the course of work completed.

The Committee received information on the progress made on each of the audit assignments along with performance information for the Welland Internal Audit Consortium to the end of week 40 (1 February 2017).

At the time of reporting, final reports had been issued for five assignments, a draft report had been issued for a further audit and work or planning was underway on seven assignments. At the end of week 40, the Consortium had delivered 115 of the 175 days commissioned for delivery of audit assignments.

RESOLVED:

That the progress and performance of the Consortium and the key findings from audits delivered during the period be noted.

(Reason – to review the performance of Internal Audit against the agreed plan and any key findings regarding the council's risk management and control arrangements in accordance with the Public Sector Internal Audit Standards)

389. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

The Committee received an overview of progress by KPMG, the Council's appointed External Auditors for 2015/16 and 2016/17 in delivering their responsibilities.

The report highlighted the following:

- Work undertaken in preparation for 2016/17 audit
- Summary of upcoming work
- 2016/17 Audit Deliverables

The report also highlighted the main technical issues currently having an impact on local government.

RESOLVED:

That the report be noted.

(Reason: This is an information report which sets out the progress by the external auditors and technical updates)

390. GRANT CERTIFICATION 2015/16

Jon Gorrie of KPMG advised that certification work had been undertaken on the council's Housing Benefit Subsidy claim. This had involved reviewing the council's grant submission and associated documentation and records to ensure that they were accurate and sufficient.

No issues or errors had been identified and therefore no recommendations had been made to improve the claim completion process. KPMG had therefore certified the grant claim as unqualified without any amendments.

RESOLVED:

That the report and the certification of grants and returns for 2015/16 be noted.

(Reason – this is an information report which addresses the management of benefits payments by the council)

391. EXTERNAL AUDIT PLAN 2016/17

Jon Gorrie and Asim Iqbal presented the KPMG audit plan for the current year, including how the financial statement audit work for ENC would be delivered. The report also set out the approach to be taken on value for money (VFM) arrangements work for 2016/17. The audit plan set out the headline messages and identified key risks for the financial statements audit.

The Audit and Accounts Regulations 2015 included a key requirement that the timetable for the preparation and approval of the accounts for the 2017/18 financial year be brought forward to a draft accounts deadline of 31 May and an audit deadline of 31 July. The audit plan had therefore been brought forward in readiness for moving towards the implementation deadline.

Members raised a query on the risk around pension liability and sought clarification that the risk was in connection with Northamptonshire County Council in gathering scheme membership data. Officers advised that the risk covered the member data and also the discount rate provided by the Actuary along with assurance that the rate was applicable for ENC. The county Chief Finance Officers had already met with the Actuary on three occasions and challenged them on assumptions prior to employer rates for the next three years being agreed.

In response to a question on the Business Rate appeal rate, members were advised that although the overall number was high the level of the individual appeals was relatively small scale and that 50% of the risk was borne by central government, 40% by ENC and 10% by NCC.

During a discussion on the level of underspend and reserves the Chief Finance Officer clarified that although there was not a formula or process that restricted the amount of underspend or reserves, there was a process for him to set a minimum level of reserves based on local risks. Any surplus could then be available for investment in the Council's Corporate Plan and to enable delivery of the Efficiency Plan.

RESOLVED:

That the contents of the report and the External Audit Plan 2016/17 be noted.

(Reason: This is an information report which sets out the arrangements for 2016/17 External Audit of the Statement of Accounts)

Chairman