187. **WELCOME**

The Chairman welcomed Paul Loveday of ENCOR to the meeting.

188. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Sylvia Hobbs and Robin Underwood.

189. **MINUTES**

The minutes of the meeting held on 24 July 2019 were approved and signed by the Chairman, subject to the deletion of the surname “Young” and the substitution of “Harris” under External attendees.

190. **DECLARATIONS OF INTEREST**

No declarations of interest were made.

191. **QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3**

No questions were submitted under Procedure Rule 10.3.

192. **INTERNAL AUDIT – PROGRESS AND PERFORMANCE**

Two further assignments had been finalised (Homelessness and Community Safety and Anti-Social Behaviour) and the key findings were given. On a number of assignments, fieldwork had either been completed (Asset Management; Enterprise Centre – Embedded Assurance) or was underway (Temporary Staffing; Waste Contract Management). In relation to the implementation of recommendations arising from audit reports, it was noted that two actions had been completed and there were 14 overdue actions.

An amendment to the Audit Plan was proposed following discussion with management. It was recommended that the embedded assurance work on Unitary Council preparations be deferred to 2020/21 and the ten days be reallocated to enable additional consultancy work on the Enterprise Centre (seven days) and additional testing on Asset Management (three days).

The Head of Resources reported further on the audit actions overdue regarding the General Data Protection Regulation (GDPR) and was hopeful that the actions would be completed by the next meeting of the Committee.

RESOLVED:

(1) That the progress and performance of the Internal Audit service 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)

(2) That the Audit Plan for 2019/20 be amended by deferring the audit of 'Unitary Council preparation' and that the ten days be reallocated to seven days of consultancy work on the Enterprise Centre and three additional days on Asset Management.

(Reason – to approve amendments to the Internal Audit plan in accordance with the Public Sector Internal Audit Standards and ensure that the scope of Internal Audit work is suitably focused on key risks and adding value)

193. FINAL STATEMENT OF ACCOUNTS 2018/19

The Chief Finance Officer presented a report on the Final Statement of Accounts 2018/19.

EY, the Council’s Auditors, had committed to deliver their audit opinion by 30 September 2019. There were a number of audit areas that remained outstanding and were currently being worked on. It was noted that the list of outstanding areas was covered in a separate report to the Committee, and would be dealt with under the next item on the agenda.

It was confirmed that the increase in pensions liability, in respect of the McCloud/Sargeant judgement, guaranteed minimum pensions and change in pensions assets would affect the total comprehensive income and expenditure and balance sheet reported for 2018/19 by £0.809 million and reclassification and presentational adjustments had been made to the financial statements by management.

EY had also informed Northamptonshire Chief Finance Officers that due to delays in KMPG signing off the Northamptonshire County Council (NCC) Statement of Accounts for 2017/18, EY could not start their work on the Northamptonshire Pension Fund (NPF) accounts for
2018/19 (due to the fact NPF accounts, although separate, formed part of the NCC accounts as NCC was the Pension Fund administering body). Therefore, EY could not sign ENC’s audit opinion until a level of assurance work had been completed on the NPF accounts, given that a material part of the Council’s accounts related to pension fund entries.

It was noted that the main changes to the Statement of Accounts for 2018/19 between draft and final were highlighted in a separate report to the Committee.

Delegation was sought to allow the Chief Finance Officer and the Chairman of this Committee to sign off the final Statement of Accounts once the audit work had been completed. If any further changes were required as a result of the outstanding work, these would be reported back to the Committee in due course.

RESOLVED:

1. That the Statement of Accounts for the year ended 31 March 2019 be approved.

2. That, unless any significant differences emerge following completion of the audit, authority be delegated to the Chief Finance Officer, following consultation with the Chairman of the Governance and Audit Committee, to make any amendments necessary to the Statement of Accounts 2018/19 prior to publication, and to sign off the accounts.

3. That authority be delegated to the Chief Finance Officer and the Chairman of the Governance and Audit Committee to sign the 2018/19 Letter of Representation.

(Reason – to comply with the requirements of the Accounts and Audit Regulations)

194. **AUDIT RESULTS REPORT OF THE EXTERNAL AUDITOR**

The Committee considered a report from the Chief Finance Officer and the report of EY, giving the key findings and the 2018/19 Audit Opinion.

Neil Harris of EY addressed the Committee and provided further information. He drew particular attention to the focus on Value for Money. The auditors had no matters to include in their report on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources and anticipated issuing an unmodified opinion.

The areas of audit work still outstanding were reported (set out in the Appendix 1 to these minutes).

The Chief Finance Officer reported that the Council’s Response to the Audit had to be submitted by a deadline and the draft response would be circulated to all Members for comment and the final response agreed following consultation with the Chairman. A paper outlining the response would be submitted to the next meeting of the Committee.

RESOLVED:

That the contents of the Audit Results Report of EY be noted.

(Reason – to comply with the requirements of the Accounts and Audit Regulations)
195. **EXCLUSION OF PRESS & PUBLIC**

RESOLVED:

That the press and public be excluded from the meeting for the consideration of the following item (Minutes of the Governance & Audit Working Party) as exempt information as defined under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, was likely to be disclosed.

196. **URGENT ITEM - MINUTES OF THE GOVERNANCE AND AUDIT WORKING PARTY**

This item of business had been added to the agenda published on 17 September 2019 with the consent of the Chairman as a decision was required to be made before the next scheduled meeting of the Committee.

Members received and considered the minutes of the meeting of the Governance & Audit Working Party held on 21 August 2019. They were not for publication in accordance with Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

The Chairman reported further on the work of the Working Party and expressed satisfaction with its progress. He suggested that it would be necessary to amend the Audit Plan to carry out a further audit and to provide support to the Working Party.

RESOLVED:

(1) That the Terms of Reference of the Working Party, as set out in the minutes, be approved.

(2) That the Audit Plan be amended to allocate up to 8 days to conduct a further audit and to provide support on the issues arising from the Working Party.

Chairman
# APPENDIX 1

## MOST SIGNIFICANT OUTSTANDING ITEMS RELATING TO THE AUDIT

<table>
<thead>
<tr>
<th>Item</th>
<th>Actions to Resolve</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response to Partner In Charge and Management Review of the Financial Statements</td>
<td>Completion of analytical review queries and general queries on material items for the accounts</td>
<td>EY and management</td>
</tr>
<tr>
<td>The completion of our procedures to test the calculations of investment assets for 2018/19;</td>
<td>Awaiting results of review from EY Real Estates</td>
<td>EY</td>
</tr>
<tr>
<td>The completion of procedures concerning the Local Government Pension Scheme following our review of the updated actuary reports arising from the potential for material impact on the pension liability arising McCloud/Sergeant, Guaranteed Minimum Pension and changes in the estimate for the Authority’s share of Pension Fund Assets</td>
<td>Awaiting IAS 19 assurances from the local government pension fund auditor; working through working papers received.</td>
<td>EY and management</td>
</tr>
<tr>
<td>Collection Fund</td>
<td>Most of the working papers received on 13 September 2019; working through these.</td>
<td>Management and EY</td>
</tr>
<tr>
<td>National Non-Domestic Rating Provision and Prior Period adjustment</td>
<td>Review of working papers from the Council. Queries with management</td>
<td>Management and EY</td>
</tr>
<tr>
<td>PPE valuations and capital additions</td>
<td>Queries with management</td>
<td>Management</td>
</tr>
<tr>
<td>Remuneration Report and Exist Costs</td>
<td>Queries with management</td>
<td>EY and management</td>
</tr>
<tr>
<td>Debtors and creditors</td>
<td>Queries with management. Unable to locate relevant staff to issue sample</td>
<td>EY and management</td>
</tr>
<tr>
<td>Income and Expenditure and Grant Income testing</td>
<td>Evidence for some of the samples awaited</td>
<td>Management and EY</td>
</tr>
<tr>
<td>Reserves</td>
<td>Queries with management</td>
<td>Management and EY</td>
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<tr>
<td>Financial Instruments</td>
<td>Queries with management</td>
<td>Management and EY</td>
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<tr>
<td>Cash Flow Statement</td>
<td>Queries with management</td>
<td>EY and management</td>
</tr>
<tr>
<td>Journals</td>
<td>EY are progressing</td>
<td>EY</td>
</tr>
<tr>
<td>Review of the final set of the financial statements</td>
<td>Receipt and review of the final version of the accounts</td>
<td>EY and management</td>
</tr>
<tr>
<td>Completion of subsequent events review</td>
<td>Completion of subsequent events procedures to the date of signing the audit report</td>
<td>EY and management</td>
</tr>
<tr>
<td>Final Manager and Engagement Partner reviews</td>
<td>Final Engagement Leader and Manager review of the final position on concluded work, audit adjustments and reporting</td>
<td>EY Whole of Government Accounts Whole of Government Accounts</td>
</tr>
<tr>
<td>Whole of Government Accounts submission</td>
<td>Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission</td>
<td>EY</td>
</tr>
<tr>
<td>Receipt of the signed management representation letter.</td>
<td></td>
<td>Management and Governance and Audit Committee</td>
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