

Audit, Governance & Standards

Committee

~~Thursday, 1 February 2018~~

MINUTES

Present:

Councillor Jane Potter (Chair), Councillor Tom Baker-Price (Vice-Chair) and Councillors Natalie Brookes, Michael Chalk, Andrew Fry, Mark Shurmer, Yvonne Smith and David Thain

Also Present:

D Jones, R Percival and N Preece

Officers:

Andy Bromage, Chris Forrester and Jayne Pickering

Committee Services Officer:

Jess Bayley

83. EXTERNAL AUDIT - ANNUAL AUDIT LETTER 2016-17

The Annual Audit Letter 2016/17 was presented for Members' consideration by Mr Richard Percival from Grant Thornton. Members were advised that this had been produced in October 2017, following decisions made at the previous meeting of the Committee.

A number of points were highlighted in this report for Members' consideration:

- The annual audit letter provided a commentary in respect of the Council.
- In terms of the Value for Money (VfM) conclusion the auditors were satisfied with the Council's arrangements except in respect of financial reporting and financial sustainability.
- As a consequence the VfM conclusion had been qualified in the Audit Opinion.
- Financial reporting and financial sustainability had also been identified as risks due to identified weaknesses.

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Chair

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- The VfM conclusion applied to 2016/17 and significant improvements had been achieved in both areas since then.
- In some cases the external auditors had identified good financial planning, such as the £480,000 savings identified for Leisure and Cultural Services. However, in other areas there remained the need to deliver savings, such as in respect of the proposed Management Review.
- The government had requested extra work in respect of Housing Benefit Grant Certification and this was reflected in the fees that had been recorded for Members' consideration.

Following the presentation of this report Members discussed some further points in detail:

- The potential for reassurance to be provided in respect of improvements to financial reporting and financial sustainability. Members were advised that this had improved, with managers undertaking in-year monitoring of budgets and improvements in the reconciliation of budgets.
- The changes to monitoring arrangements at quarter three of the financial year, which entailed challenging Heads of Service to consider budget levels alongside savings.
- The work of the Senior Management Team (SMT) in reviewing the Council's budgets on a line-by-line basis.
- The suggestion from Grant Thornton for a RAG rating system to be introduced for monitoring savings. Members were advised that this had not yet occurred, though Officers were intending to do so in 2018/19.
- The unidentified savings that remained in the budget and the action that had been requested from Heads of Service to address this. The Committee was informed that Heads of Service were required to submit business cases justifying the need for additional budgets where funding was considered insufficient.
- The improvements that had been made to Performance Monitoring. The first Performance Monitoring report, focusing on the strategic purposes and measures, had recently been presented for the consideration of the Executive Committee and it was intended that these would be presented on a bi-monthly basis.
- The delays in respect of the Management Review, which was scheduled to achieve £250,000 savings. Members were advised that this would still take place though later than anticipated due to unforeseen circumstances.

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- The progress that had been achieved with providing managers with direct access to budget reports. Members were advised that this was not possible as the Financial Service Team's software was not user friendly. However, Officers were intending to address this in the long-term.
- The potential for Heads of Service to attend meetings of the Audit, Governance and Standards Committee to explain any overspending and / or poor forecasting for budgets within their remit as well as to discuss unidentified savings.
- The ongoing provision of monthly budget updates to managers and the option for managers to meet with their accountants where necessary.
- The availability of appropriate resources to enable Officers to submit the Council's accounts by the new deadline in the summer in 2018. Officers advised that appropriate resources had been obtained and Members were reassured that the deadline would be met.
- The internal control weakness that had been identified by the external auditors and what this entailed. The Committee was informed that this related to PSN forms which previously had not been submitted on time, though adjustments to the system meant that deadlines were now met.

Members noted that budget reports continued to include gaps where savings had not been realised as anticipated. Budget reports were presented for consideration at meetings of the Corporate Management Team (CMT) to ensure continuing awareness and to provide an opportunity to identify action that could be taken to address any gaps. However, Members commented that further action was needed to enhance the resilience of the Council's financial management processes. In this context Members suggested that CMT should be encouraged to develop a clear action plan to deliver the unidentified savings.

RECOMMENDED that

the Corporate Management Team put together a clear action plan to deliver the unidentified savings in 2017/18.

RESOLVED that

the Annual Audit Letter 2016/17 be noted.

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The Meeting commenced at 7.00 pm
and closed at 8.40 pm