

MINUTES OF AUDIT AND STANDARDS COMMITTEE

Wednesday, 25 July 2018
(7:00 - 8:16 pm)

Present: Cllr Josie Channer (Chair), Cllr Adegboyega Oluwole (Deputy Chair), Cllr Dorothy Akwaboah, Cllr Simon Bremner, Cllr John Dulwich and Cllr Muhammad Saleem

Also Present: Stephen Warren (Independent Adviser, Audit), Richard Hews and Charles Medley (KPMG-External Auditors)

Apologies: Cllr Princess Bright and Cllr Kashif Haroon

6. Declaration of Members' Interests

There were no declarations of interest.

7. Minutes of the meeting held on 27 June 2018

The minutes of the meeting held on 27 June 2018 were confirmed as correct.

8. External Audit Report 2017/18

The report highlighted the key findings from the audit work at the Council in relation to the Council's 2017/18 financial statements and the Pension Fund. It also summarised the work to support KPMG, the Council's external auditor's conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

The report was introduced by Richard Hewes, Director KPMG and he advised that the external auditors were anticipating issuing an unqualified audit opinion on the Authority's financial statements by the statutory deadline of 31 July 2018. He also stated that the Annual Governance Statement complied with CIPFA and SOLACE guidance. There had been no objections to the Statement of Accounts (SOA) from members of the public during the consultation period and the external auditors had highlighted no specific concerns. He commended the hard work of the Council's Finance team in successfully meeting the new statutory target date which had been brought forward by two months on previous years, a sentiment echoed by the Committee.

Forming part of this year's audit work KPMG made one recommendation relating to the enhancement of internal controls to ensure clear documentation, showing a separation between the preparer and approver of manual journals to the ledger, which the Council have agreed to implement and monitor on a monthly basis.

The report updated the good progress made against the three recommendations which had been highlighted from the previous year's audit, namely:

- *Completeness of Related Party Declarations (RPD's)*

Following an enquiry from the Chair it was confirmed that whilst a process is in place to chase outstanding RPD's, the small number of outstanding declarations had been compounded by the fact that a significant number of Members' had not sought re-election this year.

- *Quality checks of assumptions and the accuracy of the valuation report*

A considerable amount of work is being done with My Place to ensure the accuracy of the data (floor space etc) re Council property ownership, and with My Place now responsible for the entirety of the portfolio it will be easier going forward to manage.

In response to a question from the Deputy Chair about the accuracy of the valuation of the Council's assets, KPMG explained that the approach is to take a sample of property and undertake a physical inspection to confirm that (1) the assets exist and (2) then to assess their value with external valuers. Officers confirmed that all the said assets are recorded in a Register maintained by My Place.

At the further request of the Deputy Chair and given the size of the Register, the Chief Operating Officer agreed to see in what format the details contained in the Asset Register could be best viewed by Members.

- *PPE controls-disposals and valuations*

The Committee noted the report.

9. Approval of the Statement of Accounts and Annual Governance Statement 2017/18

The Council's draft Statement of Accounts (SOA) were approved by the Chief Operating and Section 151 Officer on 31 May 2018 and had been subjected to detailed audit by the external auditors, KPMG as reported under the previous agenda item. Whilst the audit had yet to be completed, KPMG have anticipated issuing an unqualified audit opinion on the accounts, including the Pension Fund. Therefore, in accordance with the Accounts and Audit Regulations 2015, the accounts and the Annual Governance Statement were presented to the Committee for their consideration and approval prior to publication by 31 July 2018.

In response to the presentation of the report the Chair enquired as to how the financial risks to the Council in delivering its ambitions are reflected in the accounts. The Chief Operating Officer explained that the accounts are backward looking and it is the Medium Term Financial Strategy (MTFS) and the budget monitoring reports presented to Cabinet which highlight the risks and actions being taken to manage budget pressures.

KPMG representatives added that the assessment of the risks forms a key part of their value for money audit work as highlighted in their Audit report.

The independent Advisor to the Committee commented that whilst recognising the complexity of the accounts which were required to be presented in a prescribed manner, going forward he did feel that to support members understanding, there

was scope to improve the form and content of the supporting narrative and the manner this is presented to the Committee.

This was acknowledged by officers who stated that this had been considered but with the shortened timeline for this year had not been progressed but will present proposals in an update to the Committee on lessons learnt from the External Audit in January 2019.

Turning to the accounts and in particular the financial statements, the Committee sought and received clarification from officers on a number of issues associated with both short-term investments and borrowing as well as increases in fees, charges and other service income and revaluation gains under property, plant and equipment.

Accordingly, the Committee,

- (i) Reviewed and approved the draft Statement of Accounts and Annual Governance Statement for the year ended 31 March 2018 as set out at Appendix 1 and 2 to the report respectively, and
- (ii) In order to comply with the Council's statutory obligations, confirmed that the final Statement of Accounts 2017/18 be published by 31 July 2018 and have authorised the Chief Operating Officer, in consultation with the Chair, to make any changes to the draft accounts that may be agreed with KPMG.

10. Complaints Against Members - Update Report

This report provided the Committee with an update of complaints against Members of the Council, their current status, outcome and actions taken. Since last reporting to the former Standards Committee in January 2017 there have been a total of seven such complaints received by the Monitoring Officer, the details of which were set out in Appendix A to the report.

The Committee discussed the volume of complaints received and the volume of customer complaints received and how the council dealt with them. It was acknowledged that there is an item on customer complaints on the Committee's workplan.

11. Internal Audit Report for Quarter 1 2018/19 (1 April to 30 June 2018)

This report brought together all aspects of internal audit work undertaken to date during 2018/19. The report detailed audit progress to 30 June 2018 and included details of the overdue high-risk recommendations outstanding and actions being taken by management to address these.

In response to the outstanding areas of high risk the following observation was made:

Planning enforcement – lack of policies and operational procedures and unassigned cases on Uniform

Is there are plan to address this, given the report states there is a lack of capacity in the team?

The Chief Operating Officer confirmed that officers have commenced drafting a new set of policies and procedures which subject to resolving a number of operational issues, expected to be finalised within the next six weeks.

The three identified unassigned cases on the Uniform system concerned a duplicate request and training records for staff. There are currently no unassigned cases. Furthermore, as an interim arrangement all works in relation to enforcement notices, appeals and operational management is being verified by a senior officer. There is also an ongoing review of team practices to ensure all staff can support the service in terms of the breadth of planning enforcement.

The Committee noted the report.

12. Work Programme 2018/19

Following the presentation of the work programme Members questioned its relevance to the wide-ranging remit of the Committee as detailed in its terms of reference set out in the Constitution. The Chief Operating Officer explained that following a comprehensive revision of the Council's meeting structures the Monitoring Officer will be conducting an operational review in January 2019, where it is anticipated that changes in the committee's areas of responsibility will be addressed, which in turn will be reflected in the work programme.

That aside having reviewed the current programme it was agreed to receive a report in January 2019 updating lessons learnt from the external Audit review 2017/18.