

AUDIT AND GOVERNANCE COMMITTEE

29th September 2017

Present – The Chairman (Councillor Harbron) and Councillors Brockbank, Brown, Mercer, Place, and Whitaker, Greg Robinson (Independent Person).

Officers – Chief Executive, Chief Finance Officer, Solicitor to the Council, Business Services Manager, Senior Accountant and Committee Officer.

Apologies for absence were received from Councillor Barrett, Hull and Lis.

Start: 6.30pm

Finish: 7.55pm

The minutes of the Committee's meeting held on 20th June 2017 were confirmed and signed by the Chairman.

Minutes for Report

AC.294

**BEREAVEMENT SERVICES: IMPLEMENTATION OF
OUTSTANDING AUDIT RECOMENDATIONS**

Further to minute AC.290 the Business Services Manager attended the meeting to answer concerns raised at the last meeting regarding the implementation of outstanding audit recommendations for Bereavement Services. The Business Services Manager reported that the majority of outstanding recommendations had been implemented following the appointment of a new Business Manager. It was confirmed that the reconciliation of credit notes were now part of comprehensive financial procedures.

Resolved – That the Business Services Manager be thanked for her report and for the progress made.

AC.295

EXTERNAL AUDIT: COMPLETION REPORT

The Chairman welcomed Mark Kirkham , who was accompanied by Dan Spiller, of Mazars LLP, the Council's external auditors.

In presenting the Audit Completion Report for the year ended 31st March 2017, copies of which had been circulated, Mr Kirkham reported that two significant audit risks had been identified in relation to the opinion and one significant risk in relation to value for money. In the course of the audit sufficient assurance had been found to give an unqualified opinion in respect of the statement of accounts and an unqualified value for money conclusion. Mr Spiller outlined the findings in relation to each of the significant risks identified.

Resolved – (1) That the Audit Completion Report for the year ended 31st March 2017 is accepted.

(2) That the required Management Representations Letter in respect of the audit is approved for signing by the Section 151 Officer.

(3) That the External Auditors and the Financial Services Team are thanked for their work.

AC.296

STATEMENT OF ACCOUNTS 2016-17

The Chief Finance Officer submitted a report presenting the Council's audited Statement of Accounts for 2016/17. The Senior Accountant took members through the accounts and explanatory notes highlighting major movements in the Statement for 2016/17 as compared to 2015/16:-

Net Cost of Services has increased by £0.339m to £4.924m (2015/16: £4.585m restated).
There is a Surplus on the Provision of Services of £0.859m (2015/16: £0.189m).
Total Reserves have increased by £1.009m to £15.040m (2015/16: £14.031m).
The General Fund balance has remained at £995k.
Earmarked reserves have increased by £0.81m to £6.596m (2015/16: £5.786m).

A member queried the underspend in capital expenditure of £1,373,000 against a budget of £3,907,000. The Chief Finance Officer reported that because of slippage in several projects it had been necessary to roll the expenditure into the current financial year.

A member asked whether there was a risk of financial penalties as a result of sending increased waste to landfill rather than recycling. The Chief Finance Officer responded that there was unlikely to be any financial penalties. The Chief Executive believed that co-mingling should make it easier to recycle which should reduce disposal costs.

The Chief Finance Officer was asked whether General Fund balance is it too high or low and responded that she believed it to be at about the correct level given present local government funding. The Independent Member commented that it was positive that the Council had maintained its reserves given financial pressures.

Resolved – That the audited Statement of Accounts for 2016/17 are approved.

AC.297

INTERNAL AUDIT: IMPLEMENTATION OF RECOMMENDATION

The Chief Finance Officer submitted a report updating the Committee on the position reached with implementation of Priority One internal audit recommendations where the original completion date was prior to September 2017. It was also reported that 13 recommendations had been completed in the period.

Resolved - (1) To note the status of outstanding Priority One internal audit recommendations.
(2) To note the audit recommendations completed in the period.

AC.298

APPOINTMENT OF EXTERNAL AUDITORS

The Chief Finance Officer reported for information that she had replied to the PSA stating that she had no objection to the reappointment of Mazars LLP as the Council's external auditor at the end of their current appointment. A decision on the appointment was awaited.

Minutes for Decision

AC.299

INTERNAL AUDIT SERVICE: FUTURE DELIVERY

The Chief Finance Officer submitted a report informing members of the options available to the Council for the delivery of its Internal Audit function from April 2018. The current Internal Audit Service has been provided by Harrogate Borough Council since 2012 under a three year shared service/joint working contract arrangement which is due to end on 31 March 2018. It is a statutory requirement for Local Authorities to have an internal audit function. Following an evaluation of the options it appeared that the most cost effective solution was to continue with the current method of service delivery from the Council's existing partner – Harrogate BC.

RECOMMENDED - That the internal audit shared service provision with the current provider (Harrogate Borough Council) is continued for a further three years from April 2018, with the option to extend for a further two years.

Chairman.