

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 12 January 2015

PRESENT: Councillor Larratt (Chair); Councillors Flavell and Strachan.

1. APOLOGIES

Apologies were received from Councillors Hibbert, Nunn, Palethorpe and Conroy.

The Chair wished Councillor Conroy a speedy recovery.

2. MINUTES

The Minutes of the meeting held on 3rd November 2014 were confirmed and signed by the Chair as a true record.

3. PROGRESS REPORT

The Chair confirmed that the Statement of Accounts had been completed and the Empty Homes report would be updated at the next meeting.

RESOLVED: That the report be noted.

4. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

5. DECLARATIONS OF INTEREST

There were none.

6. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

7. TREASURY MANAGEMENT STRATEGY 2015-16

Bev Dixon, Finance Manager presented the report and confirmed that the draft Treasury Statement was presented to Council in December 2014 for consultation and the final version would be due in February 2015. The main changes were that the debt financing budgets were updated, an increase on the interest rate assumption to 0.7% and new borrowing for 4.25%. The maximum period to invest is two to three years which is dependent on counter policy. They have expanded overseas counter policies and the UK was on AA+. Sovereignty support was no longer as important as it was and was more reliant on the individual institution.

The report had a list of current counterparties.

In response to a question from Councillor Larratt, Bev Dixon confirmed that there were two loans maturing this year at a high rate which was advantageous as they could finance it internally. They could lock in any new borrowing at an advantageous rate but not use it for another year.

RESOLVED: That the report be agreed.

8. RISK REVIEW OF 2015/16 BUDGET OPTIONS

Glenn Hammons, Chief Finance Officer, presented the report and confirmed that Cabinet had issued a draft budget in mid-December and the key component parts were included in the report for Audit Committee. The appendix one and two was the general fund with the savings option and growth options. The HRA medium term planning options were in appendix four and appendix six was the draft allocation of budget following the creation of Northampton Partnership Homes (NPH). Overall he considered the budget levels of risk for 2015/2016 healthy as they made a contribution to reserves. This contribution to reserves would be a key part of managing the risks expected in the future.

One of the risks was that the Government austerity measures continue to apply pressure on service expenditure and also the waste contract was due for renewal in 2018. Further risks on the budget for 2015/16 include work ongoing for the Northamptonshire County Council draft budget proposal for collaboration and joint working on waste which may impact on the borough council and the delivery of service review and implementation of the 2014 employee cost review savings.

In response to a question from Councillor Flavell, Phil Morrison, Assistant Head of Finance, confirmed that the special services referred to in the report related to sheltered accommodation, call care and leaseholders.

RESOLVED: That the report and risk be noted and accepted. No concerns through Management System.

9. FINANCIAL MONITORING REPORT PERIOD

Phil Morrison, Assistant Head of Finance, presented the report and outlined the key points in the report. He confirmed that the car parking revenue is in line with the budget and usage had increased due to a number of factors including the extension of the free parking initiative

Councillor Larratt congratulated the officer who profiled the budget for the car parking. There had been a significant increase in ticket sales due to the changes in cost which had attracted more people into the town and was welcomed.

In response to a question from Councillor Strachan, Glenn Hammons confirmed that the £40,000 security costs was due to extra security at the Bus Station and at the old station as it had not been demolished yet. He confirmed that he would get a more detailed cost of the breakdown to Councillor Strachan.

RESOLVED:

- 1. That the report and appendices be noted and agreed.**
- 2. That Councillor Strachan receive a detailed breakdown of the bus station security costs.**

10. CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT 2013/14

Yola Geen of KPMG provided a brief report and confirmed that the Pooling of Capital Receipts had been subject to slight amendments.

The Housing Benefit subsidy claim work had been completed by the subsidies officer and initial testing carried out. There had been more errors in the report than in previous years which had led to additional testing being required. To ensure that matters did not escalate they would speak to the teams to get additional training to ensure errors are not made

again. By 2015/2016 the work should be on an even keel.

An additional charge would be made for the extra work at a cost of between £1800 and £1900 which would be agreed with the Chief Finance Officer.

She noted that the subsidiary officer had been helpful and had made their job easier.

Resolved: That the report be noted.

11. EXTERNAL AUDIT UPDATE

As this was the last report that Yola Geen would be presenting to the Committee, Councillor Larratt expressed the Committee's thanks to her for her service in supporting the Council and wished her well in her role elsewhere. Neil Bellamy, KPMG, was also moving on to other areas of responsibility and Councillor Larratt also expressed the Committee's thanks to him for his service, wishing him well in his new role.

Yola Geen of KPMG confirmed that the 2013/2014 audit had now been completed but there was one objection which was still ongoing. They would be having a meeting this week to get the final information so that a decision could be made and they would consider whether to uphold or not. Their target was to complete this was the end of April and they were working towards that.

The 2014/2015 audit would be dealt with by their successors and would report to the Committee in March.

Resolved: That the update be noted..

12. INTERNAL AUDIT UPDATE

Chris Dickens of PWC extended his thanks to Yola Geen and Neil Bellamy and wished them the best of luck in the future.

He presented the internal audit update and confirmed that there had been a delay in getting the plan approved. The Governance questionnaire response had been disappointing but they had received enough to form some views.

He flagged a potential risk for accountability and responsibility between LGSS and NBC and advised that this had to be monitored in the future and thought given on how the relationship would continue to work.

F. Fernandes, Borough Secretary confirmed that the new arrangement was complex and wide ranging. In the restructure there would be a new Contracts Manager to develop the role and take things further. He confirmed that the accountability issues remained with NBC.

Councillor Larratt confirmed that there needed to be a culture change when dealing with LGSS as it was NBC's responsibility even though LGSS was doing the work.

Councillor Larratt confirmed there was an event on Tuesday 4th February for members, which was a development session in Castle Donnington. This event was free of charge.

Chris Dickens confirmed that they had had two events already and hoped to have an event in their Milton Keynes offices. Everybody was welcome.

Resolved: That the report be noted.

The meeting concluded at 6:52 pm