

# NORTHAMPTON BOROUGH COUNCIL

## AUDIT COMMITTEE

Monday, 25 July 2016

**PRESENT:** Councillor Flavell (Chair); Councillor Hill (Deputy Chair); Councillors Golby, Marriott and Stone

**APOLOGIES:** Councillor Clement Chunga

### 2. MINUTES

The Minutes of the meeting held on 27<sup>th</sup> June 2016 were agreed and signed by the Chair.

### 3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

### 4. DECLARATIONS OF INTEREST

There were none.

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

There were none.

### 6. DRAFT STATEMENT OF ACCOUNTS 2015/16

The Interim Strategic Finance Manager elaborated on a report, presenting the draft Statement of Account (SoA0 2015/16 and draft Annual Governance Statement (AGS) which he noted were available on the Council's website. He reported that they were currently being Audited by the External Auditors (KPMG) and would be finalised and brought to the Audit Committee for approval in September 2016. He referred to the Housing Revenue Account (HRA) for 2015/16 and stated that it had been divided into 2 areas: Income and Expenditure. On 'Incomes' it was explained that the largest portion of this came from rents from Council dwellings, non-dwelling rates he clarified as being from rental of garages and such like. The 'Expenditure' was largely from the repairs and general management of properties which was done through Northampton Partnership Homes (NPH). It was noted that there was an accounting surplus of £22,978.

In response to questions asked by the Committee, it was explained that debt management costs were being well managed and that borrowing was at 3.75%. It was noted that General Management included in Expenditure was an accounting cost and not a management costs.

### RESOLVED:

That the Audit Committee noted the draft Statement of Accounts (SoA) 2015/16 and the draft Annual Governance Statement (AGS)

### 7. FINANCIAL OUTTURN 2015/16

The Chief Finance Officer submitted a report and noted that the report had been approved by Cabinet on the 13<sup>th</sup> July 2016. It was noted that there was an underspend of £1,221k against Controllable Budgets and that an amount of £0.612m had been set aside for future pressure reserves. It was noted that the Council General Fund held an earmarked reserve of almost £23 million to mitigate against specific risks to which the Council may, in future, be exposed and investing in service improvement. It was further explained that the total General Fund capital expenditure included a £46 million loan to the University of

Northampton.

In response to questions asked, the Chief Finance Officer explained that with regards to the loan to the University, the Council had facilitated the loan as Local Authorities were the only organisation that can access Public Works Loan Board (PWLB). It was noted that the Council would not be able to add a margin to the amount loaned as set out by Government. It was noted that there were 2 types of loans that had been used, one of which was a 25 year loan which would show as a debt for that time but was guaranteed by the Treasury.

With regards to parking in the Town Centre, it was noted that the ticket income was ahead of the budget position and that there had been an increase year on year in the number of daily tickets purchased. It was also noted that an Efficiency Plan would be submitted to the Government after approval from Cabinet in September 2016 which would explore ways in which the Council could generate more income through efficient working, ensuring for example that assets and ground rent are valued accurately. It was further explained that the Council would need to look at encouraging more business into the Town and unlock housing developments to get Council Tax to offset the decrease in funding received from central Government.

**RESOLVED:**

1. That consideration be given to the contents of the finance report:
  - Finance and Monitoring Outturn report 2015/16
2. That the Committee noted the position on car parking income and usage as at 31<sup>st</sup> March 2016

**8. INTERNAL AUDIT PLAN 2016/17 UPDATE**

The Internal Auditor submitted a report and elaborated thereon. He explained that a number of risk management workshops had been held with Officers and that they had met with Management Board to offer support to Directors in identifying current risks that could affect the Council. He explained that risks were being managed on a daily basis but expressed some concern that there was a lack of comprehensive documentation. With regards to the Northampton Town Football Club he stated that they were continuing to validate findings-

In response to questions asked, the Internal Auditor explained that the financial pressures being faced by Councils were increasing but that many councils were looking at more innovative ways to increase and manage their finances including commercialisation and joint partnership working. He stated that Councils were getting a reduction in funding from the Government and therefore there was a need to work out how to make more money and further noted that the biggest risk would be to do nothing; the Council would need to not only consider risks but also opportunities.

**RESOLVED:**

That the report be noted.

## **9. EXTERNAL AUDIT UPDATE**

The Chair notified the Committee that a representative from KPMG would not be in attendance but that she had spoken to them earlier and they confirmed that they had nothing further to add to their report.

The Chief Finance Officer reported that the ISO 260 report would be submitted to the Audit Committee in September 2016.

### **RESOLVED:**

That the report be noted.

The meeting concluded at 6.44pm