

**BOROUGH OF KETTERING**

**MONITORING AND AUDIT COMMITTEE**

**Meeting held: 25<sup>th</sup> July 2019**

**Present:** Councillor Jonathan West (Chair)

Councillors John Currall, Ash Davies, Jenny Henson, Anne Lee and Cliff Moreton

**Also Present:** Martin Hammond (Executive Director)  
Mark Dickenson (Head of Resources)  
Jo Haines (Group Accountant)  
Hazel Webb (Community Services Manager)  
Neil Harris (EY)  
  
David Pope (Committee Administrator)

**19.MA.14 APOLOGIES**

Apologies were received from the Cllrs Paul Marks, Mike Tebbutt and Greg Titcombe. Apologies were also received from Lisa Hyde.

It was noted that Cllr John Currall was acting as substitute for Cllr Titcombe and Cllr Moreton was acting as substitute for Cllr Tebbutt.

**19.MA.15 MINUTES**

**RESOLVED** that the minutes of the meeting of the Monitoring and Audit Committee held on 21<sup>st</sup> May 2019 were approved as a correct record and signed by the Chair.

**19.MA.16 DECLARATIONS OF INTEREST**

Cllr Lee declared a personal interest in Item A4 as a Trustee of Groundwork. Cllr West also declared a personal interest in Item A4 as an employee of Kettering General Hospital that was linked to the Age UK SLA through the Hospital Discharge & Community Team.

**19.MA.17     INTERNAL AUDIT PLAN – APRIL 2019 TO MARCH 2020 (A1)**

A report was submitted which provided the Committee with an update on unallocated audit days for the 2019/20 Internal Audit Plan.

Members noted that the 2019/20 Internal Audit Plan had been presented to the Committee at its April meeting, at which point there were 35 unallocated audit days. These days had originally been set aside to support Local Government Reorganisation, however as this would now not take place until April 2021, these days now required allocation.

The suggested allocation of subject areas for the 35 days was noted as follows:-

- Health & Safety – 10 days
- Homelessness & Housing Options - 10 days
- Property Management – 10 days
- Extra time for follow up – 5 days

The Committee positively received the news that auditing relating to homelessness and Housing Options would form a large part of the allocation as this was an area of particular interest to the meeting.

**RESOLVED**            that the Monitoring & Committee agreed the allocation of 35 audit days as set out above.

**19.MA.18     EXTERNAL AUDIT VALUE FOR MONEY UPDATE (A2)**

A report was submitted that provided the Committee with an update on the Value for Money (VFM) work undertaken by the Council's external auditors EY following the delay to the original audit timetable as a result of resourcing issues at the company.

Neil Harris from EY attended the meeting and provided assurances to the Committee that EY had put in place a resource plan to allow for the audit process to be undertaken during August and that the formal VFM Opinion and approval of accounts would be issued at the meeting on 26<sup>th</sup> September.

Members asked questions regarding the delay, the potential for damage to the Council's reputation and the possibility of compensation for KBC. In response, the meeting heard that KBC had been in collective discussions with both EY and Public Sector Audit Appointments (PSAA) regarding the delay to the audit process. However, provided EY delivered a quality audit within a timetable agreed with KBC it would not be in breach of professional standards.

The meeting received the VFM update in relation to KBC's commercial activities, noting that EY had examined whether the Council had made appropriate decisions, undertaken due diligence, and received appropriate advice when making decisions and how these decisions tied in with corporate arrangements.

EY had reviewed all valuation reports, legal advice and financial modelling and risk matrices used to support commercial decisions made by the Asset Management Board (AMB) and found that the Council had put in place appropriate arrangements for all the acquisitions listed in the appendix to the report. This conclusion had been drawn alongside a backdrop of a very secure financial position at the Council.

Cllr Jim Hakewill addressed the Committee and asked a number of questions regarding EY's findings as well querying training received by AMB members and the availability of board agendas and minutes.

It was noted that a view had been provided on the Council's commercial activities by two external and independent auditors, both of whom had reached the same conclusions. Access to AMB meetings by councillors was noted as being something for discussion outside the meeting, although the meeting heard that due to the fleeting nature of certain commercial opportunities, board meetings were often convened at very short notice.

It was agreed that the Chair would write a letter on behalf of the Committee thanking the Leader of the Council for raising the subject of this report during his announcements at Council on 24<sup>th</sup> July.

- RESOLVED** that the Monitoring & Audit Committee noted:
- a) The draft finding on EY's response to the significant audit risk to the 2018/19 Value for Money Conclusion; and
  - b) The 2018/19 final findings, conclusions and Value for Money Opinion be issued at the Monitoring and Audit meeting on 26<sup>th</sup> September 2019.

#### **19.MA.19 RISK MANAGEMENT UPDATE (A3)**

A report was submitted which sought to provide members with an update on Risk Management and the associated Strategic Risk Register.

Members noted that one of the recommendations made as part of the 2018/19 Internal Audit Plan had been for the Strategic Risk Register to be reviewed on a biannual basis, hence the report before them.

The Group Accountant provided a brief presentation which included an explanation of the risk matrix before and after mitigation controls. It was noted that mitigation reduced the likelihood of a specific risk but could not alter the potential impact of the risk.

The Committee noted that the following four areas had been identified as having the potential to be influenced by Local Government Reform and the risks had been updated accordingly.

- Ensuring Corporate Capacity
- Maintaining Political Focus and Stability
- Maintaining Staff Morale
- Robust & Effective HR Policies

It was noted that risks would be kept under review prior to the next submission to the Committee in November.

Councillor Hakewill addressed the Committee and ask questions in relation to the Strategic Risk Register and the Council's commercial strategy and physical assets.

The meeting heard that the public sector operated within a volatile world and had done for a number of years, with diminishing central government funding and uncertainty in a constantly shifting landscape. The local government funding position and the re-setting of Business Rates were key funding areas and mitigations had been put in place to manage those risks. The Council retained the ability to withstand financial shocks at a local and national level as a direct result of its financial management.

It was noted that not all physical assets held by the Council were purely for commercial return and that the Commercial Strategy operated by KBC was wider in scope than just being the work of the Asset Management Board. It was heard that the more the Council could control itself, the less it would be exposed to potentially negative external influences.

**RESOLVED** that the Monitoring and Audit Committee endorsed the Strategic Risk Register.

**19.MA.20** **MONITORING OF SERVICE LEVEL AGREEMENT GRANTS 2018/19:  
SECOND YEAR END UPDATE (A4)**

A report was submitted, the purpose of which was to update the Committee on the performance of voluntary sector organisations in relation to their Service Level Agreements (SLA) for 2018/19 and to set out the reporting timetable for the 2019/20 SLAs.

The report before members had been amended as a result of feedback from the Committee, with a significant level of additional detail and narrative provided alongside the SLA target statistics covering the four annual reporting periods.

Members noted that all SLA holders had either met their targets for 2018/19 or exceeded their 2017/18 targets. Details were provided in relation to the outcomes and core service objectives of the various SLAs, with quarterly monitoring meetings undertaken between the provider and a lead officer to review performance.

It was heard that Northamptonshire Rights and Equality Council (NREC) had informed the Council during Quarter 3 that they were experiencing financial difficulties. Consequently, monitoring meetings had increased in frequency to monthly to offer . Since that point NREC had continued to meet targets and had provided reassurances that it would continue to deliver on its SLA.

It was heard that voluntary sector infrastructure had grown in membership to offer support and help to new and existing groups. The meeting considered that voluntary sector support had to be carried forward and embedded within the new Unitary authority. Already KBC had been trying to introduce members from neighbouring authorities to its work and the benefits that such support provided to the whole community.

**RESOLVED**

that the Monitoring & Audit Committee noted:

- a) The performance of the voluntary sector organisations for 2018/19; and
- b) The reporting timetable for 2019/20

**19.MA.21 KEY PERFORMANCE INFORMATION BOOKLET (A5)**

Members received and noted the Key Performance Information Booklet.

**19.MA.22 WORK PROGRAMME (A6)**

The Work Programme was submitted to the Committee for consideration. The following reports would be brought to the subsequent committee:-

- Air Quality report
- Homelessness/Voids
- Welfare Reform

- External Audit Accounts Report

(The meeting started at 7.00 pm and ended at 8.22 pm)

Signed .....  
Chair

DJP