

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 20 May 2013

PRESENT: Councillor Larratt (Chair); Councillor Oldham (Deputy Chair); Councillors Lynch, Nunn, Palethorpe, Strachan and Subbarayan.

1. APOLOGIES

Apologies were received from Councillor Bottwood (Cabinet Member for Finance).

2. MINUTES

The Minutes of the meeting held on 18 March 2013 were confirmed and signed by the Chair as a true record.

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. FINANCIAL MONITORING REPORT

The Assistant Head of Finance presented a report on the financial position as at 31 March 2013, the position on car parking income and usage and the position in relation to the Council's outstanding debts as at 31 March 2013.

Officers responded to Members' comments and questions, as summarised below:

- The transfer of £23k to revenue of mortgage repossessions previously held on the balance sheet referred to unclaimed money from the 1970s which could be transferred as the statutory limitations on using the money had expired;
- The cost of £17k for Northampton Alive related to the production of the recent guide. Officers would provide members with detailed information on the cost of the Northampton Alive project;
- The savings that could be made from keeping posts vacant were weighed against the needs for service delivery. Often delays in recruiting to vacant posts resulted from the timescales involved in advertising and interviewing for the posts plus the periods of notice required from successful candidates;
- The cancellation of the contract to monitor Daventry CCTV was thought to have been a decision not to extend the contract which had been due to end in the summer of 2013. (Note: subsequent to the meeting it was found that the Daventry CCTV contract had been cancelled and that the 12 month notice required in the contract had been provided by Daventry.) Officers undertook to provide Members with further information on the contract specifications and the reason for cancellation;
- Officers undertook to provide further information in respect of how the free rat control service was publicised in response to Members' questions about why the service

- had not been taken up;
- In relation to the drop in daily income from car parks, the anticipated income set in the budget for 2012/13 had been revised downwards as a result of the concessions introduced during the previous year. The anticipated shortfall of £200k was against the revised lower income figure and not the figure shown in the original budget. It was noted that further information on car parking and bus use into the town centre had been requested when a detailed report had last been considered by the Committee in November 2012. Members asked that when this report is made to a future meeting information should be included on footfall in the town centre

RESOLVED:

1. That the contents of the report be noted as below:
 - General Fund Revenue Monitoring (Appendix 1 of the report);
 - Housing Revenue Account (HRA) Revenue Monitoring (Appendix 2 of the report);
 - General Fund Capital Monitoring (Appendix 3 of the report);
 - HRA Capital Monitoring (Appendix 4 of the report).
2. That the position on car parking usage and income as at 31 March 2013 be noted (Appendix 5 of the report).
3. That the latest position in relation to the Council's outstanding debts as at 31 March 2013 be noted (Appendix 6 of the report).
4. That a report on car park usage and income, bus usage into the town centre, and footfall in the town centre be made to a future meeting.

7. POLICY FOR NON-AUDIT WORK

The Assistant Head of Finance presented a report outlining a policy to allow the Council's external auditors (KPMG) to conduct non-audit related work for the Council. The policy sets out any threats to audit independence that potentially exist, defining the audit and non-audit work that could be shared by the Council and KPMG and also the approval process and corporate reporting mechanisms. Any assignments that exceeded £20k would be referred to the Audit Committee to test that the independence of audit was not compromised.

RESOLVED:

1. That the policy as provided at Appendix 1 to the report be approved.
2. That it be approved that any assignments related to additional audit work that exceed **£20k** are referred to the Audit Committee to test that the independence of audit is not compromised.
3. That any additional advisory services from KPMG are approved by the Audit Committee prior to commencement.

8. INTERNAL AUDIT ANNUAL OPINION REPORT

The Internal Auditor presented the Internal Audit Annual Opinion Report, stating that there were 1 high, 15 moderate and 48 low rated findings. In many areas the findings had been better than or the same as in the previous year's report. A key weakness had been identified in the area of housing allocations, where there was a lack of availability of key documents providing evidence of compliance with established procedures. The direction of travel was reported as favourable.

The Internal Auditor commented on the report and responded to Members' questions, as summarised below:

- The transfer to LGSS would have a significant impact on the Council. No evidence of that impact had been seen on the Council's control framework for 2012/13 but it was an area of which the Committee needed to be aware;
- The Council might wish to look at the housing allocations area in view of the comments made in the report;
- The asset management review had been deferred from 2012/13 as a result of the workload involved in the transfer to LGSS. It had been agreed with management that the review would take place in the first quarter of 2013/14. There was currently an asset management strategy in place. It was noted that there would always be some deferrals each year as a result of workloads;
- There had been a slight deterioration in housing rents and the Internal Auditor suggested that the Committee might want to look into this area. It was agreed that a Housing officer be invited to attend a meeting of the Committee to give further information on this area.

A Member suggested that when major work was scoped for review the impact on the resources of other departments should also be looked at and that the review should not be in isolation.

RESOLVED:

1. That the report be noted.
2. That a Housing Department officer be invited to attend a meeting of the Committee to give further information regarding the minor deterioration in the collection of housing rents and the record keeping procedures with regard to housing allocations.

9. INTERNAL AUDIT PROGRESS REPORT

The Internal Auditor presented the Internal Audit Risk Assessment and Plan 2013/14 Annual Opinion Report, setting out the programme and methodology to be adopted.

It was noted that the Internal Auditor normally met Directors and Heads of Service to agree the assessment plan, however, as a result of the increased workload of officers in recent months with LGSS and other issues this had not been possible. The Internal Auditor had used his experience and knowledge of the Council to produce the plan, which had then been discussed with the Director of Resources and the Head of Finance and Resources.

It was noted that that the plan included an indicative number of days for each audit to be undertaken. The actual number of days in each case would be agreed with management. The fee for the audit should also be slightly lower than against previous years as a result of a minor change in the internal audit contract.

RESOLVED:

That the report be noted.

The meeting concluded at 6:45 pm.