

Appendices:

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NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Chief Finance Officer Report to the Audit Committee
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	23 September 2019
Policy Document:	No
Directorate:	Chief Finance Officer
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

- 1.1 To inform the Audit Committee about the work undertaken by the Finance team, in conjunction with the external auditors KPMG and EY in respect of the 2017-18 and 2018-19 Statement of Accounts.
- 1.2 To inform the Committee of any changes to accounting policies and Treasury Management.

2. Recommendations

- 2.1 It is recommended that the Audit Committee note:
- 2.1.1 The progress towards completing the Statement of Accounts for 2017-18 and 2018-19.
 - 2.1.2 That there have been no changes to Accounting Policies.
 - 2.1.3 That there have been no reportable incidents in respect of Treasury Management, or requirements to change Treasury Management Policies.

3. Issues and Choices

3.1 Report Background

- 3.1.1 This report provides an overview of the current position in respect of the Statements of Accounts due for Northampton Borough Council and other accounting or treasury policy items requiring reporting.

3.2 Accounting Policy Changes

- 3.2.1 There have been no Accounting Policy changes since the last Audit Committee, nor are there anticipated to be any during 2019/20.

3.3 Treasury Management

- 3.3.1 There have been no reportable incidents, the LGSS Treasury Management Team continue to work hard to maximise the interest earned through the investment vehicles available and reduce the interest paid on borrowing where possible.

3.4 Completing 2017/18 Statement of Accounts

- 3.4.1 At the last Audit Committee the Chief Finance Officer and Chair of Audit Committee were delegated approval to formally sign off the Statement of Accounts for 2017-18, once the Auditor was satisfied that they were fit for sign off.
- 3.4.2 As a result of leave/other assignments by staff of NBC/LGSS and KPMG, further rounding issues a final clean set of accounts has not been available for sign off. It is anticipated that by this Audit Committee the formal documents will have been signed off.
- 3.4.3 Whilst this will bring to a closure the administrative process of producing the Statement of Accounts and the last with KPMG, there remains the conclusion of the formal objection. KPMG have advised that they are processing the documentation / report and as reported by the Auditor to the Committee, there will be a formal review process by KPMG and associated parties identified within the report. This element of work will not delay the closure and handover of the Council's Audit File by KPMG to EY. KPMG have suggested that it could be a further six months before the report process is completed.

3.5 Preparation of 2018/19 Statement of Accounts

- 3.5.1 The work required to deliver the 2018/19 Statement of Accounts has progressed, the further issues around SoA 2017-18, has impacted on the timing of SoA 2018-19. However I am pleased to advise that the formal Draft

Statement of Accounts for 2018-19 is presented for Audit Committee to note under a separate item on this agenda.

- 3.5.2 In respect of delivering a workshop on the Accounts for 2018-19, this has not yet been achievable due to clashes of dates with other Council Committees/meetings. As the formal audit is not due to start until late October, there will be time to arrange a training workshop prior to the Auditor (EY) completing their work.
- 3.5.3 EY have not yet provided the Council with their proposed Audit Plan, nationally the Council is aware that all Auditors have reported issues with resources and for 2018-19 it is estimated that some 2/5 of Audits were not / have not been completed within the timescale set by Government.

3.6 Housing Benefit Subsidy Claim Audit

- 3.6.1 The Northamptonshire Chief Finance Officers have been discussing for some weeks concern that the audits for Housing Benefit Subsidy Claim, which if delayed can impact on the payment of the DWP Housing Benefit Administration Grant. EY have suffered resource challenges, CFOs have/are therefore re-engaging KPMG to conduct this separate audit to certainty of delivery. EY have been understanding and I can confirm that KPMG have been engaged to deliver this standalone piece of work for 2018-19 and 2019-20.
- 3.6.2 KPMG provided the following fee costs for the two years, £15,500 for 2018/19 and £16,500 for 2019/20, which is considered to be lower than the Public Sector Audit Appointments Ltd (PSAA) scale fee for the NBC audit of the 2017/18 Housing Benefit Subsidy Claim for both 2018/19 and 2019/20. The Revenue and Benefit Service has now engaged with KPMG to commence the relevant activities and testing.

3.7 Choices (Options)

- 3.7.1 Although this report is just for noting, Audit Committee have the opportunity to ask questions directly to Officers on issues associated with the completion of the statutory accounts for 2017/18 and 2018/19.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 None to report.

4.2 Resources and Risk

- 4.2.1 The Council diverted significant staff resources in order to ensure that KPMG were provided with the assurance required to enable them to give their opinion on the 2017/18 statement of accounts as soon as was practicable. This has

had a knock-on impact on the ability to progress the closure of the 2018/19 accounts.

4.2.2 Where improvements could not be made within the financial year 2017-18, the lessons learnt were being actioned for 2018-19.

4.2.3 The Council has mitigated the risk of failing to deliver Housing Benefit Subsidy Claims on time, through changing Audit companies.

4.3 Legal

4.3.1 The actions proposed in this report will enable the Council to meet its statutory requirements of finalising its 2017/18 Statement of Accounts, signed and with an external audit opinion.

4.3.2 The agenda includes a specific item relating to the draft Statement of Accounts for 2018-19 which if approved will enable the Accounts to be submitted to the new Auditor, EY and the public inspection period to begin.

4.4 Equality

4.4.1 Not applicable.

4.5 Consultees (Internal and External)

4.5.1 External Auditors, KPMG

4.5.2 External Auditors, EY

4.5.3 Corporate Management Board

4.6 Other Implications

4.6.1 None.

5. Background Papers

5.1 None

Stuart McGregor
Chief Finance Officer