

NEWARK & SHERWOOD DISTRICT COUNCIL

Minutes of the meeting of the **AUDIT & ACCOUNTS COMMITTEE** held in the Civic Suite, Castle House, on Wednesday, 29 November 2017 at 10:10am.

PRESENT: Councillor Mrs S.M. Michael (Chairman)  
Councillors: Councillor R.A. Crowe, and G.P. Handley.

ALSO IN

ATTENDANCE: Sanjiv Kohli - Director-Resources and S151 Officer  
Nick Wilson - Business Manager - Financial Services (NSDC)  
Andrew Snape - Assistant Business Manager - Financial Services (NSDC)  
John Sketchley - Audit Manager (Assurance Lincolnshire)  
Amanda Hunt – Principal Auditor(Assurance Lincolnshire)  
Helen Brookes - Manager (KPMG)

14. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors D.R Payne, B. Wells and Lucy Pledge (Audit and Risk Manager- Assurance Lincolnshire).

15. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

NOTED: that no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

16. DECLARATION OF ANY INTENTION TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

17. MINUTES OF MEETING HELD ON 25 JULY 2017

AGREED that the Minutes of the meeting held on 26 July 2017 be approved as a correct record and signed by the Chairman.

18. TREASURY MANAGEMENT HALF YEARLY REPORT

The Assistant Business Manager- Financial Services presented an update on the Council's Treasury Activity and prudential indicators for the first half of 2017/18. None of the Prudential Indicators had been breached and a prudent approach had been taken in relation to the investment activity, with priority being given to security and liquidity over yield.

The Treasury Management Strategy Statement (TMSS) for 2017/18 was approved by Full Council on 9th March 2017. Officers felt the MRP (Minimum Revenue Provision) Policy within that report did not specifically identify the way that MRP should be charged. A new MRP Policy statement was proposed which better reflected practice of the authority.

The Director – Resources confirmed that the Council did not expect to need to borrow in 2017/18. Members noted that the Investment Strategy and Commercial Strategy had been approved by Full Council which had included the creation of an Investment Advisory Board. The Board did not have any decision making powers but would advise Policy and Finance Committee and Full Council on investment decisions.

AGREED (unanimously) that:

- (a) the new MRP policy statement contained within the Treasury Management Strategy as per section 5 be recommended to full Council on 12 December for approval;
- (b) the treasury activity be noted; and
- (c) the Prudential Indicators detailed in Section 10 of the report be noted.

#### 19. INTERNAL AUDIT PROGRESS REPORT 2017/18

The Principal Auditor- Assurance Lincolnshire provided an update of progress made with the 2017/18 Audit Plan. Four audit reports had been issued during the period since the last update to members. Housing Benefits and Council Tax Support had received high assurance and a further three had been issued with substantial assurance which were: ICT database management; Partnership Active4Today; and Key Control Testing. There were five audits at the draft reporting stage. It was acknowledged that the plan was slightly delayed due to the office move to Castle House.

The Committee noted that the audit of the Visitor Centre- National Civil War Centre and Palace Theatre) was still with the auditors and had been awaiting response since May. The Committee were disappointed and felt that the delay was too long. They therefore requested that if the report was not returned by their next meeting, that the relevant officer be invited to attend the meeting to explain the delay.

The Business Manager- Financial Services explained that with regard to the audit of the Active4Today accounts, Officers had now agreed that this would be funded by Active 4Today.

Further information was included for Members on the CIPFA Audit Committee update and the National Audit Office- Cyber security and information risk guidance for Audit Committees.

AGREED (unanimously) that the Audit and Accounts Committee consider and comment upon the latest internal audit progress report.

#### 20. EXTERNAL AUDITORS ANNUAL AUDIT LETTER 2016/17

Helen Brookes was in attendance to present the External Auditors Annual Audit Conclusion Letter. The External Auditors- KPMG had issued an unqualified opinion on the accounts and an unqualified conclusion on the Authority's arrangements for securing value for money on 28 September 2017.

AGREED (unanimously) that the Committee consider the External Auditor's Annual Audit Letter for 2016/17.

21. COUNTER FRAUD ACTIVITY REPORT

The Business Manager- Financial Services presented the County Fraud Activity report detailing activities undertaken since 1 April 2017. Members heard that during October 2017 an incident was identified whereby a payment for invoices was made to a fraudulent bank account. The Council had received notification from what looked like the supplier asking to change the bank details. Unfortunately this was a fraudulent request and hence the Council paid £15,210 incorrectly. The Council has liaised with its bankers, and the building society that the money was made to and there was a high chance of receiving the funds back. The issue had highlighted a failure in the process of changing bank details in the Accounts Payable system which had been addressed with a new procedure that has been implemented. The Business Manager- Financial Services updated the Committee and explained that he expected the repayment to be made by the end of the week.

The Committee heard that the National Fraud Initiative exercise for 2017/18 had 2,360 council tax single person awards to review. So far 20 awards had been processed with no fraud or errors found. The 2016/17 exercise had found 91 cases of suspected fraud out of 1,046 single person discounts, amounting to £26,819.

AGREED (unanimously) that Members note the content of the report.

22. AUDIT COMMITTEE WORK PROGRAMME

The Committee considered the work programme detailing items to be considered during their meetings throughout the municipal year. The draft Annual Internal Audit Plan was moved forward to the Committee meeting in February 2018.

AGREED that the Work Plan be noted.

23. DATE OF NEXT MEETING

NOTED that the date of the next meeting was Wednesday, 7 February 2018, at 10am in Civic 1, Castle House.

The meeting closed at 10.41pm.

Chairman