

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 3rd October 2018

**PRESENT: Councillor Marriott (Chair)
Councillors Aldred, Haworth(Sub), Procter, Robertson (Sub)
and Steen**

**IN ATTENDANCE: Mr P Seddon, Head of Finance/Section 151 Officer
Mrs J Crawford, Finance Manager
Mr M Baskerville, Audit Manager, LCC
Mr R Baker, Engagement Lead, Grant Thornton Auditors
Ms S Iqbal, Assistant Manager, Grant Thornton Auditors
Miss G Ashton, Committee & Member Services Officer**

**ALSO PRESENT: Councillors Cheetham, Morris, Roberts, Stansfield and
Walmsley
6 members of the public**

1. CHAIR'S INTRODUCTION

1.1 The Chair welcomed everyone to the meeting and outlined the housekeeping arrangements.

2. APOLOGIES FOR ABSENCE

2.1 Apologies for absence were received from Councillors Essex and Lythgoe, Mr M Ali, Co-opted Member and Ms R Lowry, LCC.

3. MINUTES OF THE MEETING HELD ON 31ST JULY 2018

RESOLVED:

The minutes of the meeting held on 31st July 2018 were agreed as a correct record.

4. URGENT ITEMS OF BUSINESS

4.1 The Chair confirmed that there were no urgent items of business.

5. DECLARATIONS OF INTEREST

5.1 Councillor Steen advised that an objection had been submitted to the Monitoring Officer regarding Councillor Marriott Chairing the meeting as he had been the Finance Portfolio Holder during 2014/15.

5.2 The Chair said he had not received or been notified of the objection.

6. PUBLIC QUESTION TIME

6.1 The Chair agreed to deviate from the procedure for public speaking and allow members of public present to ask questions as items on the agenda were presented. Members of the public were permitted to ask questions on items not on the agenda at this point in the meeting.

6.2 Members of the public asked the following questions:

- Would the external auditors be making a Public Interest Statement.
- Had the external auditors spoken to the Police regarding the criminal investigation into the empty homes project.
- Was the Audit & Accounts Committee classed as a scrutiny committee.
- Was there a conflict of interest with Councillor Marriott Chairing the meeting as he was a Cabinet member in 2014/15.
- Were there better systems in place for the monitoring of projects.
- Were the auditors happy with the Council borrowing large amounts of money.

6.3 Clarification was provided on the questions asked.

6.4 Elected Members made comments, which included the following:

- Councillor Marriott had been the Portfolio Holder for Finance during 2014/15.
- The Audit & Accounts Committee should work jointly with the Overview & Scrutiny Committee.

7. CHAIR'S UPDATE

7.1 As this was an additional meeting, there was no update. Standing items would be considered at the next meeting.

8. AUDITED ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF ACCOUNTS FOR 2014/15

8.1 Members considered the Audited Annual Governance Statement and Statement of Accounts for 2014/15.

8.2 The Chair asked the external auditors to provide an update on the accounts since the draft was produced in June 2015. The Engagement Lead for Grant Thornton advised that the audit had been suspended when the Empty Homes project collapsed. Since then an agreement had been reached with Homes England regarding the grant scheme. The 2014/15 audit was now complete and final technical checks were taking place with Homes England.

8.3 The Committee asked questions and made comments, which included the following:

- What was the current situation with Homes England and what would the outcome be.
 - Did the auditors know what the bill would be for the whole of the Empty Homes project.
- 8.4 The Head of Finance advised that an agreement had been reached with Homes England that Practical Completion Certificates would be issued for the 27 remaining properties by early December, alternatively the Council may seek to return some of those properties to the owners.
- 8.5 Elected Members asked questions and made comments, which included the following:
- Were most of the adjustments to the accounts in relation to the Empty Homes project.
 - What were the terms of reference for the internal and external auditors.
 - In relation to the duplicate entry in the accounts, what was the timescale of it being identified and rectified.
- 8.6 Clarification was provided on the questions and comments raised. The Chair made a recommendation that the Governance Working Group be asked to arrange a training session for Members on the terms of reference for the internal and external auditors.
- 8.7 Members of the public asked questions, which included the following:
- Why had a duplicate entry in the accounts not been identified and rectified before the draft was published.
- 8.8 Clarification was provided on the question raised.

RESOLVED:

- That Members noted the contents of the report and the changes made to the Annual Governance Statement and the Statement of Accounts since the drafts were submitted in June 2015.
 - That Members unanimously approved the Annual Governance Statement and Statement of Accounts 2014/15.
- 9. EXTERNAL AUDIT FINDINGS REPORT 2014/15**
- 9.1 The Engagement Lead for Grant Thornton advised that it was the external auditors' statutory responsibility to form an opinion on the financial statement and ensure appropriate arrangements were in place for resources and services. Since the audit was suspended in 2015 there had been a significant reduction in the number of empty homes in the project so the audit had resumed and was almost complete. The Empty Homes grants (on the 27 outstanding properties) were now below materiality level. The amended accounts now reflected the

revised figures and the updated position in relation to the Empty Homes project. Subject to completion of outstanding checks and a technical review, the Engagement Lead anticipated providing an unqualified opinion on the financial statements.

Due to deficiencies within the management and oversight of the Empty Homes programme and, amongst other things, increases in net expenditure it was the intention to issue an “adverse” Value for Money conclusion.

It was noted that this had been a difficult and challenging process for both the Officers and auditors and the Engagement Lead thanked his team for the work they had carried out.

9.2 Elected Members asked questions and made comments, which included the following:

- When would the remaining accounts be completed.
- Were other Councils in a similar position in relation to the signing of accounts.
- Open communication and joint working was needed between Members, Officers and auditors.
- An independent public enquiry should take place following the Police investigation into the Empty Homes project.
- Who signed the contract in relation to the Empty Homes project.

9.3 Clarification was provided on the questions raised.

9.4 Members of the public asked questions in relation to the following:

- Why the accounts had not been signed off.
- The issuing of a public interest notice.
- Payment of Council employee salaries.
- The disclosure of an additional fee to Grant Thornton.
- The adverse VFM conclusion.
- The appointment of external auditors.
- The monitoring, reporting and communication controls now in place.
- Were the external auditor enquiries independent to the internal auditors’ report.
- The Empty Homes project.
- The Homes England contract.
- The separation of power between elected Members and the Executive.

9.5 Clarification was provided on the questions raised.

RESOLVED:

- That the External Audit Findings Report 2014/15 was noted.

10. DRAFT ANNUAL GOVERNANCE STATEMENT AND STATEMENT OF ACCOUNTS FOR 2015/16

10.1 The item was deferred.

RESOLVED:

- That the item was deferred until a future meeting.

11. EXTERNAL AUDIT FINDINGS REPORT 2015/16

11.1 The item was deferred.

RESOLVED:

- That the item was deferred until a future meeting.

Councillor Marriott was thanked by members of the public for the way he had chaired the meeting.

The meeting commenced at 6.30pm and finished at 7.45pm

Signed (Chair)

Date