

## AUDIT AND STANDARDS COMMITTEE

25 July 2018

Minutes of the Audit and Standards Committee held at the Town Hall, Bexhill-on-Sea on Wednesday 25 July 2018 at 6:30pm.

Committee Members present: G.C. Curtis (Chairman), J. Barnes, R.K. Bird, R.C. Carroll, K.P. Dixon and I.G.F. Jenkins.

Other Members present: Councillor Mrs M.L. Barnes.

Advisory Officers present: Executive Director (MJ), Assistant Director Resources, Financial Services Manager and Democratic Services Manager.

Also present: Leigh Lloyd-Thomas, Partner, BDO.

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### AS18/11. **MINUTES**

The Chairman was authorised to sign the minutes of the meeting of the Audit and Standards Committee held on 25 June 2018 as a correct record of the proceedings.

### AS18/12. **APOLOGIES**

Apologies for absence had been received from Councillors S.H. Earl and S.D Elford.

## **PART A – STANDARDS REPORTS - NONE**

## **PART II – DECISIONS TAKEN UNDER DELEGATED POWERS**

### **PART B – AUDIT REPORTS**

#### AS18/13. **ANNUAL GOVERNANCE REPORT 2017/18 - AUDIT COMPLETION REPORT FOR THE YEAR ENDED 31 MARCH 2018** (5.1)

The Chairman welcomed Leigh Lloyd-Thomas from BDO to the meeting who proceeded to summarise the External Auditors' Audit Completion Report for the year ended 31 March 2018, as follows:

##### Audit Scope and Objectives

BDO had completed their audit procedures in accordance with the planned scope and objectives had been achieved, subject to receiving a letter of assurance from the auditor of the pension fund over the controls for providing accurate membership data and cash flows to the actuary by the 31 July. All other outstanding matters had been resolved. The Assistant Director Resources agreed to circulate to

Members of the Committee guidance previously issued on the pension liability and implications.

No additional significant audit risks were identified during the course of the audit and BDO's materiality levels had not required reassessment.

#### Key Audit and Accounting Matters

The audit had not identified any material misstatements. One immaterial misstatement had been found in respect of understatement and misclassification of creditors in the accounts at the year end and Management had agreed to make an adjustment for £163,000 on creditors and bank in the final financial statements. This had no impact on the general fund balance. A number of presentational changes had been made to the financial statements as a result of the audit. The audit had not identified any significant deficiencies in internal controls.

#### Key Audit and Accounting Matters

The Council reported a surplus of £830,000 for the general fund in 2017/18 against a budgeted deficit of £889,000, achieved through service efficiencies, increased income and additional grant funding. The MTFS continued to include a resource gap in the medium term and further savings of at least £1.7million would need to be found by 2021/22, however, BDO were satisfied that the Council had appropriate arrangements to continue to remain financially sustainable over the period of the MTFS.

#### Audit Opinion

BDO anticipated issuing an unmodified opinion on the financial statements for the year ended 31 March 2018. BDO had no exceptions to report in relation to the consistency of the annual governance statement with the financial statements to their knowledge. BDO anticipated issuing an unmodified conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2018.

BDO extended their congratulations to the Finance Team for the pleasing result and confirmed that the Council was in a very good financial position.

As this was likely to be the last meeting BDO attended, on behalf of all Members and officers, the Chairman thanked BDO for all their hard work over the years.

#### **RESOLVED:** That

- 1) the report be noted; and
- 2) the Assistant Director Resources circulate pension guidance to the Members of the Committee.

AS18/14.  
(6.1)

#### **STATEMENT OF ACCOUNTS 2017/18**

In accordance with the Accounts and Audit Regulations 2003, the Council's accounts were required to be approved by the Council, or its

delegated Committee, each year. The report of the Executive Director discussed the main issues affecting the Council's Statement of Accounts and provided a full commentary on the core financial statements. A copy of the full Statement of Accounts had been circulated to Members by email on 20 July 2018 and made available in hard copy format at the meeting.

At the time of writing the report, the Council's external auditors BDO, had largely completed their work on the accounts for 2017/18. BDO's report was discussed earlier in the meeting. The published accounts included a Narrative Report and the Annual Governance Statement approved by the Committee at its meeting on 26 March (Minute AS17/47 refers). It was noted that the Code of Practice had required no major changes in the presentation of the accounts.

The Financial Services Manager led Members through the Statement of Accounts and drew out the salient points. It was noted that overall, the balance sheet showed that the financial position of the Authority remained sound with an adequate amount of reserves in place to meet short term needs. The Pensions Fund liability of £22m was a long term financial assessment of a possible shortfall based on its current performance and therefore no immediate action was required.

It was essential that the Council continued to deliver the target savings set out in the Medium Term Financial Strategy in order for the Council to continue to balance its budget. It was recommended and agreed that the Statement of Accounts be signed by the Chairman of the Committee.

On behalf of the Committee, the Chairman thanked the Financial Services Manager and her Team for their sound financial management of the Council and for the timely production of the Statement of Accounts.

**RESOLVED:** That the Council's 2017/18 Statement of Accounts be approved.

AS18/15.  
(6.2)

#### **WORK PROGRAMME**

Consideration was given to the Work Programme which contained details of the reports to be considered by the Audit and Standards Committee for the remainder of the 2018/19 municipal year.

**RESOLVED:** That the Work Programme at Appendix A be approved.

#### **CHAIRMAN**

The meeting closed at 6.50pm

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## AUDIT AND STANDARDS COMMITTEE

| <b>WORK PROGRAMME 2018 - 2019</b> |   |
|-----------------------------------|---|
| <b>DATE OF COMMITTEE</b>          | <b>SUBJECT</b>  |
| <b>Monday 24 September 2018</b>   | <p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• Internal Audit Report to 30 June 2018</li> <li>• Treasury Management Report</li> </ul>  |
| <b>Monday 10 December 2018</b>    | <p><b>Part A – Standards Reports</b></p> <ul style="list-style-type: none"> <li>• Code of Conduct Complaints Monitoring</li> <li>• Local Government Ombudsman Complaints Monitoring and Annual Review 2017-2018</li> <li>• Review of Local Government Ethical Standards – results of Stakeholder Consultation</li> </ul> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• BDO – Annual Audit Letter 2017-18</li> <li>• Internal Audit Report to 30 September 2018</li> <li>• Annual Risk Management Update</li> <li>• Treasury Management Update Report</li> </ul> |
| <b>Monday 25 March 2019</b>       | <p><b>Part A – Standards Reports (none scheduled)</b></p> <p><b>Part B – Audit Reports</b></p> <ul style="list-style-type: none"> <li>• BDO – Grant Claim Certification for the year ended 31 March 2018</li> <li>• Grant Thornton – Audit Plan 2018-19</li> <li>• Internal Audit Report to 31 December 2018</li> <li>• Internal Audit Plan 2019-20</li> <li>• Review of Internal Audit 2018-19</li> <li>• Treasury Management Report</li> </ul>  |