

Time Commenced: 6.00pm  
Time Finished: 9.28pm

## **AUDIT AND ACCOUNTS COMMITTEE**

### **28 September 2016**

**Present:** Councillor Hezelgrave (Chair)  
Councillors Ashburner, Harwood, S Khan, Roulstone. Smale and Turner

In attendance

Councillor Banwait – Leader of the Council

Councillor Shanker – Cabinet Member for Regulatory Services

Helen Henshaw, Steve Clark and Henry Osborne – Ernst Young

Paul Robinson – Chief Executive

Andy Smith – Strategic Director of People

Christine Durrant – Strategic Director of Communities and Place

Janie Berry – Director of Governance and Monitoring Officer

Richard Boneham – Head of Governance and Assurance

Martyn Marples – Director of Finance

Toni Nash – Head of Finance - Organisation and Governance

Mark Nash – Group Accountant - Corporate

Gurmail Nizzer – Acting Director of Commissioning and Head of School  
Organisation

Heather Greenan – Head of Performance and Intelligence

Linda Spiby – Acting Head of Procurement

### **17/16 Apologies for Absence**

An apology for absence was received from Councillor West.

### **18/16 Late Items**

In accordance with Section 100(B) (4) of the Local Government Act 1972, the Chair agreed to admit the following late items on the grounds that they should be considered as a matter of urgency because a decision was required by 30 September 2016:

- Annual Report
- Statement of Accounts 2015/16 – Progress Report
- External Audit Progress Report
- Annual Governance Statement
- Annual Governance Report Prepared by the Monitoring Officer

Councillors Harwood, Roulstone and Smale expressed concern about the late circulation of the report and requested that in future the reports be attached to the agenda or if this was not possible that they be circulated earlier to enable members of the Committee time to read and scrutinise them beforehand.

The Monitoring Officer gave an explanation of the reasons for the late circulation of the reports and why they needed to be considered before 30 September 2016.

#### 19/16      Declarations of Interest

There were no declarations of interest.

#### 20/16      Minutes

The minutes of the meeting held on 6 July 2016 were agreed as a correct record.

#### 21/16      Referral from Council Cabinet

The Committee considered a minute extract from Council Cabinet held on 3 August 2016. Council Cabinet had recommend the Committee to give particular attention to the quarterly Capital Programme reports to highlight and deal with issues around slippage and delivering elements of the programme within the timescales identified at quarter 1 as early as possible.

**Resolved to consider this item at the next meeting.**

#### 22/16      Call-in of Waiver

Gurmail Nizzer – Acting Director of Commissioning and Head of School Organisation attended the meeting to explain the need for waivers in relation to extending the contract for Baltimore Consulting for the conversion of individual statements of Special Education Need and Learning Disability Assessments to the new Education Health and Care Plans. It was noted that the Cabinet Member for Education and Skills had been fully briefed on the need for the waivers and the processes put in place to prevent the need for further waivers.

**Resolved to note the explanation for the waivers.**

#### 23/16      Reporting on Waivers

The Committee considered a report which set out details of 10 waivers during the period 23 June and 2 September 2016.

Broken down by directorate we had

Directorate	Number of Waivers	Classification	
		Unavoidable	Avoidable
Communities & Place	1	0	1
People Services	4	0	4
Organisation & Governance	5	0	5

Total Number of Waivers	10	0	10
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Of these waivers:

None were unavoidable

5 were avoidable but there were considered reasons for the Waiver

5 were avoidable if measures such as better planning had taken place.

Members of the Committee asked how many full time equivalent staff were covered by agency staff.

**Resolved**

1. To note the report.
2. To request the Director of Finance to provide the number of full time equivalent staff covered by agency staff.

24/16 Internal Audit Update

The Committee considered the Internal Audit progress report covering the period 1 January to 31 August 2016.

Members of the Committee requested information on which audit reviews were removed from the audit plan, which schools were able to offer reasonable assurance as to the adequacy of standards of financial management and what were the 8 significant risks.

**Resolved**

1. To note the report.
2. To request the Head of Governance and Assurance to provide further information on which audit reviews were removed from the audit plan, which schools were able to offer reasonable assurance as to the adequacy of standards of financial management and what were the 8 significant risks.

25/16 Governance Update

The Committee considered a report which provided Members with an update on governance issues within the Council.

**Resolved to note the report.**

26/16 Annual Report 2015/16

The Committee considered a report which stated that the Council produces an Annual Report each year, highlighting its achievements and progress made in delivering the priorities in the current Council Plan.

The Annual Report would be produced in two parts. Firstly, a summary document which contained highlights and case studies for priorities contained in the Council Plan 2015/16 as shown in Appendix 2 of the report.

Secondly, a consolidated version of the Annual Report which included the Statement of Accounts, Annual Governance Statement and Annual Performance Results would be published together online.

Subject to approval by Audit and Accounts Committee and Council Cabinet, the Annual Report would be published in October 2016.

**Resolved to approve the Annual Report 2015/16 for publication.**

#### 27/16 Statement of Accounts 2015/16 - Update

The Committee considered a report which updated the Committee on the progress of the 2015/16 Statement of Accounts. The report should be read in conjunction with the Interim Annual Governance Statement and the External Audit Progress Report on the same agenda.

As reported to the July 2016 Audit and Accounts meeting, the Committee was updated on the delay to the draft statement of accounts. This was due to be published by 30 June 2016, but was not published until 25 July 2016.

External Audit – Ernst & Young (EY) – commenced their audit prior to the draft statement being released and were still in the progress of completing their audit.

The draft statement was late due to delays in finalising the draft valuation figures to be used in the accounts. The final statement was delayed primarily due to the same reason.

As the statutory deadline of 30 September 2016 for finalising the accounts would not be met, the Committee was not receiving a final statement at this meeting. Following the conclusion of the audit, and EY's final report, a further meeting would be convened and the accounts would be considered for sign off.

**Resolved to note the progress on the 2015/15 Statement of Accounts.**

#### 28/16 External Audit Progress Report

The Committee considered a report from the external auditors Ernst Young setting out

progress to date on the audit of the draft 2015/16 financial statements. Ernst Young highlighted the areas they felt were of concern and the work that was being undertaken to resolve those concerns. Members of the Committee questioned the report in detail. In particular they asked about which asset lives the auditors felt had not being adequately reassessed on a yearly basis.

It was noted that the work being undertaken to get to a position where the Statement of Accounts could be considered by the Committee may take several weeks and that the Chair and Director of Finance would met regularly to review progress.

### **Resolved**

- 1. To note the report.**
- 2. To request the external auditors to identify the asset lives they felt had not been adequately reassessed on a yearly basis.**
- 3. To convene a meeting of the Committee once the audit had been completed.**

### 29/16      Annual Governance Statement

The Committee considered a report which stated that the production and publication of an Annual Governance Statement was a statutory requirement. The 2015/16 Statement reflected the on-going work within the Council to improve its governance framework.

### **Resolved**

- 1. To note the Annual Governance Statement 2015/16 set out in Appendix 2 of the report.**
- 2. To note that the final version of the Annual Governance Statement 2015/16 would need to be approved at the same point that the Statement of Accounts was available for approval.**

### 30/16      Annual Governance Report Prepared by the Monitoring Officer

The Committee considered a report which stated that Section 5 Local Government and Housing Act 1989 required the Council to appoint a Monitoring Officer. Derby City Council had appointed Janie Berry, Director of Governance as Monitoring Officer. She was a practicing solicitor and Chief Legal Officer for the City.

The Monitoring Officer's Annual Governance Report supported the Council's Annual Governance Statement and provided a review of her work as part of the Council's governance arrangements.

**Resolved to note the report.**

Minutes End