

Minutes of a meeting of the Audit and Governance Committee

Monday 1st August, 2022

at 2:00 pm in the Council Offices, Swanspool House, Doddington Road,
Wellingborough, Northants, NN8 1BP

Present:-

Members

Councillor Andrew Weatherill (Chair)	Councillor Kirk Harrison (Vice Chair)
Councillor Jean Addison	Councillor Paul Marks
Councillor Valerie Anslow (Substitute)	Councillor John McGhee (Substitute)
Councillor Bert Jackson (Substitute)	Councillor Russell Roberts
Councillor Richard Levell	

Officers

Janice Gotts (Executive Director of Finance (s151 Officer))
Claire Edwards (Assistant Director of Finance and Accountancy)
Neil Harris (Ernst & Young – External Audit)
Paul Harvey (Grant Thornton – External Audit)
Fiona Hubbard (Senior Democratic Services Officer)

Councillor Lloyd Bunday, Portfolio Holder for Finance and Transformation also attended the meeting.

68 Apologies for non-attendance

It was noted that apologies were received from Councillor Ian Jelley, Councillor Anne Lee and Councillor Mark Pengelly. Councillor Bert Jackson attended as a Substitute for Councillor Ian Jelley, Councillor Valerie Anslow attended as a Substitute for Councillor Anne Lee and Councillor John McGhee attended as a Substitute for Councillor Mark Pengelly.

69 Members' Declarations of Interest

The Chair invited those who wished to do so to declare interests in respect of items on the agenda.

There were no declarations received.

70 Minutes of the meeting held on 20 June 2022

The Chair referred to Minute 66 relating to the outstanding accounts and asked Neil Harris (Ernst & Young – External Audit) for a further update:

In relation to the finalised Accounts for 2019-2020 for East Northamptonshire Council these had now come to a conclusion and ready to be signed off under delegated authority.

The Chair shared the final East Northamptonshire Council Audit Results Report - Year ended 31 March 2020 (July 2022) with the Committee, which contained amendments made by Ernst & Young (External Audit) in blue text. Neil Harris (Ernst & Young – External Audit) referred members to the principal points within the document.

The 2019-2020 Accounts for Corby Borough Council were to be considered by the Committee under Agenda item 4 of this Audit and Governance Committee. The Chair also shared the final Corby Borough Council Audit Results Report – Year ended 31 March 2020 (July 2022) with the Committee, which contained amendments made by Ernst & Young (External Audit) in blue text. Neil Harris (Ernst & Young – External Audit) referred members to the principal points within the document and also to the Addendum circulated to the Committee in relation to Agenda item 4 by the Assistant Director of Finance and Accountancy.

In relation to the 2020-2021 Accounts for East Northamptonshire Council, these were now progressing. The Chair shared the Audit Planning Report – Year ended 31 March 2021, with the Committee. Neil Harris (Ernst & Young – External Audit) referred members to the principal points within the document. He advised that he was hopeful that the matter would be concluded at the Audit and Governance Committee on 5 September 2022 but there was a slight risk this may not happen. The Assistant Director of Finance & Accountancy added there was every intention to deliver these 2020-2021 accounts by 5 September. She explained that Covid and officers working from home had meant things had taken longer to achieve but officers who dealt with the 2019-2020 Accounts were now working on these accounts and audit. The Executive Director of Finance (s151 Officer) advised that the Council will work as hard as they reasonably could to support Ernst & Young and their team with any queries.

RESOLVED:

- (i) The minutes of the Audit and Governance Committee held on 20 June, be confirmed as a correct record and signed.

71 Statement of Accounts 2019/20 - Corby Borough Council

The Committee received a report by the Assistant Director of Finance and Accountancy to approve the Statement of Accounts in relation to Corby Borough Council for 2019-2020.

The Council's governance arrangements require the Audit and Governance Committee to receive and approve the Statement of Accounts for the former District and Borough Councils in North Northamptonshire.

The Assistant Director of Finance and Accountancy presented the report. At the meeting she also circulated and presented an Addendum report to the Statement of Accounts for 2019-2020.

She explained that following the final review of the revised accounts, two further adjustments were required to be made to the final set of accounts before these were signed off. These related to:

- The valuation of Cockerell Road – adjustment of £1.263m;

- The reclassification of short-term investments from cash and cash equivalents – adjustment to £6.5m.

The table in the original report (Section 5) had been amended to read as follows:

Property/Asset	Current Value	Proposed Value	Proposed Amendment
Unit B, Baird Road	2,586,300	2,586,300	0
Cockerell Road	2,706,200	3,337,600	(631,400)
Bangrave Road (Innovation Centre)	4,339,900	4,339,900	0
Matalan, Curver Way	29,980,000	24,615,400	5,364,600
Staples (50%)	23,904,000	18,969,000	4,935,000
Total Adjustments			9,668,200

Attached to the Addendum report were the primary statements which included the adjustments, together with the identified notes that would be updated due to the adjustments.

The Assistant Director of Finance and Accountancy explained the adjustments contained in the Addendum report in detail and page referenced to the Statement of Accounts.

Arising from consideration of the reports and discussion, the Assistant Director of Finance and Accountancy and Neil Harris (Ernst & Young – External Audit) responded to questions from the Committee and the following principal comments were made:

- (i) The Committee asked several questions in relation to the valuations. The Assistant Director of Finance and Accountancy responded that this was due to incorrect information supplied by the valuers in relation to floor space. With regard to Staples (50%) between Corby Borough Council and Kettering Borough Council this related to two different valuations causing this to be incorrect. Neil Harris (Ernst & Young – External Audit) advised that this was through no fault of officers and was now corrected. Another member considered any incurred expenditure from Ernst & Young (External Audit) in relation to the work involved with the valuations should be a cost to the valuer;
- (ii) A member queried if this meeting could have been scheduled for a week or so later. The Chair did apologise for the additional papers circulated, which although not required to be brought to the Committee, provided for purposes of clarity, comprehensiveness and openness, and Neil Harris (Ernst & Young – External Audit) was leaving the company in September, and had asked that these accounts, if possible, be brought to Committee before he left, to ensure continuity of Audit Partner for these accounts. It was felt that any delay might impact the clearance of these and other audits and accounts;
- (iii) A question was raised as to the position of the 2020-2021 Accounts for Corby Borough Council and it was noted that it would be unlikely to achieve a final set of accounts by the next meeting of the Audit and Governance

Committee on 5 September. It was noted that work was underway to complete the 2020-2021 Accounts for East Northamptonshire Council but the 2020-2021 Accounts for Corby Borough Council still had to be commenced. Neil Harris (Ernst & Young – External Audit) confirmed a decision would soon be made regarding an appropriate handover of his work and a dual run alongside another Partner within Ernst & Young. He also stated that to satisfy any new Partner a re-review of key audit working papers would be a requirement;

- (iv) The Committee asked for an update on the Northamptonshire County Council Audit. Neil Harris (Ernst & Young – External Audit) responded that a decision still needed to be made in relation to the impact of accounting for Infrastructure Assets. The Chair observed that this was a nationwide issue. In response, the Executive Director of Finance (s151 Officer) informed the Committee that officers were working with colleagues in the West and going through the final balance sheet. She also stated that independent advice was being sought to get an external objective view as they want to get the accounts completed in a reasonable timeframe;
- (v) In light of the timeline of outstanding accounts from predecessor Councils, the Chair asked Paul Harvey (Grant Thornton – External Audit) the position in relation to the 2021-2022 Accounts for North Northamptonshire Council. In response, he stated that planning is not as advanced as he would like, as officers need to prioritise predecessor Audits but there were many areas that could be looked at and gave examples. This was work in progress. The Assistant Director of Finance and Accountancy advised that in relation to the timeline we need to approach how we do the set of accounts and how they flow through with the risk of corrections. Paul Harvey (Grant Thornton – External Audit) responded that adjustments can impact on final statements on opening balances.

RESOLVED:

- (i) The Audit and Governance Committee approved the Statement of Accounts for the financial year 2019-2022 for Corby Borough Council, including material adjustments to the accounts outlined in Section 5 (and Addendum report).

72 Close of Meeting

The Chair advised that the Director of Children’s Services and a representative of the Children’s Trust had been invited to attend the next meeting of the Audit and Governance Committee on 5 September 2022, to address the Committee, and their attendance was confirmed.

There being no further items of business, the Chair declared the meeting closed.

Chair

Date

The meeting closed at 3.20 pm