

BOROUGH OF KETTERING

MONITORING AND AUDIT COMMITTEE

Meeting held: 24th July 2018

Present: Councillor Jonathan West (Chair)

Councillors Ash Davies, Jenny Henson, Anne Lee, Paul Marks,
Greg Titcombe and Mike Tebbutt

Also Present:

Lisa Hyde	(Executive Director)
Mark Dickenson	(Head of Resources)
Guy Holloway	(Head of Corporate Development)
Helen Edwards	(Head of Democratic & Legal Services)
Jo Haines	(Group Accountant)
Dean Mitchell	(Group Accountant)
David Pope	(Committee Administrator)
Andrew Cardoza	(KPMG)
Dan Hayward	(KPMG)

18.MA.10 APOLOGIES

None

18.MA.11 MINUTES

RESOLVED that the minutes of the meeting of the Monitoring and Audit Committee held on 22nd May 2018 were approved as a correct record and signed by the Chair.

18.MA.12 DECLARATIONS OF INTEREST

None

18.MA.13 EXTERNAL AUDIT ISA 260 REPORT (A1)

A report was submitted which presented the ISA 260 report to those charged with Governance and which sought approval for the Council's

Management Representation Letter.

Andrew Cardoza and Daniel Hayward of KPMG attended the meeting to introduce the report. It was noted that an unqualified, clean audit opinion had been given and Value for Money criteria had been met. Furthermore, it was the opinion of KPMG that KBC had provided one of the cleanest and smoothest audit processes across its client base.

It was noted that with effect from the current year, statutory deadlines for the publication of audit outcomes had been brought forward, condensing the whole accounting process. It was noted that the accounts had been supplied to KPMG well before the statutory deadline and had been signed off on 24th May. Working papers supplied by KBC to support the accounts, and the draft accounts themselves, were noted as being of a high standard.

It was further noted that Internal Audit Self-Assessment was sound and work carried out on key financial systems could be relied upon where relevant to KPMG's audit. No additional disclosures were required in the financial statements above those already disclosed.

Members asked questions in relation to the following aspects of the audit process:

- IT systems, security and functionality
- Pension liabilities
- Financial management systems in place across local authorities in the county
- Property and asset valuations

Finance officers were praised by both KPMG and members for their work in delivering the accounts and assistance in the audit process. KPMG were thanked for their work during their time as KBC's external auditors.

RESOLVED that the Monitoring and Audit Committee received the Audit Memorandum – Report to Those Charged with Governance and approved the Management Representation Letter.

18.MA.14 STATEMENT OF ACCOUNTS 2017/18 (A2)

A report was submitted which presented the Council's Statutory Statement of Accounts for the financial year 2017/18 for approval. The Head of Resources gave a short presentation to the Committee to supplement the report.

RESOLVED that the Statement of Accounts for the financial year 2017/18 be approved.

Following approval of the Statement of Accounts, the Management Representation Letter was signed by the Chair and the Chief Finance Officer.

18.MA.15 KEY UPDATES (A3)

Asset Management Update

The Head of Resources provided a presentation in regard to the council's asset management programme.

It was heard that the Council's investment strategy had been developed by the Asset Management Board and approved by the Executive Committee. The strategy comprised a framework for assessing individual investment opportunities by examining a number of factors including location, covenant, lot size, lease length, tenure, repair obligations and net yield.

Details were provided of the commercial acquisitions made by KBC to date, including the factors that had been considered against the framework outlined above. The meeting considered the following acquisitions:-

- Nene House, Kettering
- Liniar House, Denby
- Staples Building, Corby (co-ownership with Corby BC)

Full details for each acquisition are attached in the presentation provided to the meeting at Appendix A to the minutes.

The meeting was provided with details of revenue projections for both 2017/18 and 2018/19 for each individual acquisition and across all investments. It was heard that at the current time there was anticipated to be a £246,000 surplus against budget for 2019/20.

Members were advised that the development of Sheerness House was progressing, with an aim to tenant the building by the end of the year. It was also heard that a further investment opportunity was currently live, and should that complete it would realise a further £110,000 towards revenue figures.

The investment strategy formed an essential part of the Council's overall financial strategy which sought to make KBC self-sufficient. Investments were made in a variety of business sectors across a number of building types, helping to spread the risk of such

investments.

It was heard that businesses involved in KBC investments preferred not to lock capital up in assets by purchasing the buildings themselves, hence the investment opportunities being made available to KBC.

18.MA.16 KEY PERFORMANCE INFORMATION BOOKLET (A4)

Members received the Key Performance Information Booklet.

The Committee raised queries in relation to the following aspects of the information provided:-

- Switchboard response times
- Household recycling targets
- Invoice payments
- Recovery of overpaid Housing Benefit
- Inclusion of air quality statistics in future editions

18.MA.17 WORK PROGRAMME (A6)

The work programme was submitted to the Committee for consideration. The following reports would be brought to future committees:-

- Recycling update
- Air Quality report
- Report from Internal Audit on leisure facilities
- Voluntary Sector SLA Monitoring
- Risk Management Update
- External Audit Report - Annual Audit Letter

(The meeting started at 7.00pm and ended at 8.20pm)

Signed:

(Chair)

DJP