

**BOROUGH OF KETTERING**

**MONITORING AND AUDIT COMMITTEE**

**Meeting held: 26<sup>th</sup> September 2019**

**Present:** Councillor Anne Lee (Chair)

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

**Also Present:** Martin Hammond (Executive Director)  
Mark Dickenson (Head of Resources)  
Jo Haines (Group Accountant)  
Dean Mitchell (Group Accountant)  
Neil Harris (EY)  
David Pope (Committee Administrator)

**19.MA.23 APOLOGIES**

Apologies were received from the Chair, Cllr Jonathan West.

**19.MA.24 MINUTES**

**RESOLVED** that the minutes of the meeting of the Monitoring and Audit Committee held on 25<sup>th</sup> July 2019 were approved as a correct record and signed by the Chair.

**19.MA.25 DECLARATIONS OF INTEREST**

None.

**19.MA.26 EXTERNAL AUDIT ISA 260 (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.

Neil Harris of EY attended the meeting to introduce the report. The meeting noted that an update had been provided at the previous meeting of the committee in regard to EY's resourcing issues and the implications

for providing an audited set of accounts by the statutory 31<sup>st</sup> July deadline.

It was reported that EY now had a more sustainable resourcing position and as such a substantial amount of the audit work required had been completed, a process aided by having a positive working relationship with KBC finance officers.

The meeting was provided with details of the difference in audit approach between EY and former auditors KPMG, with EY favouring a substantive approach that required a high level of samples. In addition, with this being EY's first year as the Council's auditor there had been an impact on the level of information required for the audit process to be undertaken. It was heard that a more productive interim visit, early work on accounts and sample testing being undertaken prior to end of March would have provided for a smoother audit process.

It was reported that the audit opinion was not yet final, with a few areas of work outstanding. The most significant area of work requiring completion was the delay in receiving IAS 19 assurance in relation to the Northamptonshire Pension Fund. EY were not able to audit the Pension Fund for 2018/19 until Northamptonshire County Council's accounts for 2017/18 had been signed off by KPMG. A final ISA 260 report would be issued once all outstanding issues had been completed. Any material changes that might arise would be reported to a further meeting of the committee.

Finance officers were praised by both EY and members for their work in assisting in the audit process.

**RESOLVED** that:-

- i) That the Monitoring & Audit Committee receives the Audit Memorandum – Report to those charged with Governance; and approves the draft Management Representation Letter.
- ii) That any non-material adjustments required to the draft audit opinion (ISA 260) and the Management Representation letter are agreed with the Chair of the Monitoring and Audit Committee and be reported back to a future meeting of the committee.

## **19.MA.27     STATEMENT OF ACCOUNTS 2018/19 (A2)**

A report was submitted which presented the Council's Statutory Statement of Accounts for the financial year 2018/19 for approval. The Group Accountant gave a short presentation to the Committee to supplement the report, focussing on the processes involved in the production of the Statement of Accounts and the ten different elements that comprised the document.

It was noted that KBC's governance arrangements required approval of the Statement of Accounts by 31<sup>st</sup> July each year, however staffing issues faced by EY and reported to the May meeting of the committee had impacted the audit timetable delaying audit work until August and September. Members noted that EY wished to undertake a high-quality audit and this was key in ensuring their responsibilities were met in issuing the correct audit opinion.

The meeting was advised that the Public Sector Audit Appointments (PSAA) annually published details of authorities not meeting the 31<sup>st</sup> July date for publishing their audited accounts. The PSAA had indicated that it would ensure that in any report they issue the reasons for the delays affecting Kettering would be clearly explained.

Members noted that the draft Management Representation Letter appended to the report confirmed that the accounts had been prepared in accordance with statutory legislation and fairly represented the transactions of the Council, with no additional disclosures required in the financial statements, over and above those already disclosed. A final Management Representation Letter would be issued once the Pension Fund issue outlined above had been resolved.

Members requested that any non-material adjustments be reported back to a future meeting of the committee and the report recommendation was amended to reflect this.

### **RESOLVED**

that:-

- i) Members approved the draft Statement of Accounts for the financial year 2018/19 subject to the conclusion of the audit
- ii) Any non-material adjustments required to the draft Statement of Accounts be agreed with the Chair of the Monitoring and Audit Committee and be reported back to a future meeting of the committee.

(The meeting started at 5.00pm and ended at 5.51pm)

Signed .....  
Chair

DJP