

## **Decisions of the Audit Committee**

19 September 2017

Members Present:-

Councillor Hugh Rayner (Chairman)  
Councillor Sury Khatri (Vice-Chairman)

Councillor Anthony Finn  
Councillor Arjun Mittra  
Councillor Peter Zinkin

Councillor Anne Hutton (In place of  
Councillor Kathy Levine)  
Councillor Alan Schneiderman (In place of  
Councillor Geof Cooke)

Also in attendance

Geraldine Chadwick (Independent Member)  
Richard Harbord (Independent Member)

Apologies for Absence

Councillor Geof Cooke

Councillor Kathy Levine

### **1. ABSENCE OF MEMBERS (IF ANY)**

Apologies for absence were received from Councillor Kathy Levine who was being substituted by Councillor Anne Hutton.

Apologies for absence were received from Councillor Geof Cooke who was being substituted by Councillor Alan Schneiderman.

### **2. DECLARATION OF MEMBERS' DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (IF ANY)**

None.

### **3. PUBLIC QUESTION AND COMMENTS (IF ANY)**

The Committee noted the details of the received public questions and the public answers which were published ahead of the meeting. Responses to the supplementary public questions were provided verbally by the Chairman and officers at the meeting. With regards to the question put forward by Ms Mary O'Connor (who was unable to attend the meeting), the supplementary question was asked by Ms Theresa Musgrove on her behalf.

Both Mr Roger Tichborne and Mr John Dix addressed the Committee to make comments.

**4 REPORT OF THE MONITORING OFFICER (IF ANY)**

None.

**5 CHAIRMAN'S COMMENT**

The Chairman welcomed all to the extraordinary meeting and noted that he was keen to put the meeting in context and to allay any concerns.

He reported that in July the Committee had been presented with an interim external auditor's report, which had arrived late, meaning that no time had been given for its proper consideration. The extraordinary meeting had been arranged to consider the report.

The Chairman noted that the annual accounts on which the audit was based had not been produced in a form that could be easily audited. It had therefore taken BDO additional time and resources to get the accounts into auditible form. The Chairman was in discussion with the Section 151 officer to see whether Barnet could get recompense from Capita in regard to the poor shape in which the accounts were initially presented (he would ask the Section 151 officer to comment later). Nevertheless the Chairman felt that BDO had done a good job in producing the report in difficult circumstances. However time spent in some areas had left little time to spend in others - leaving some areas of the report a little thin. The Chairman was also concerned that in many instances the BDO had dwelt on the journey rather than the destination - the destination being a satisfactory audit with recommendations for improvement.

The Chairman added that he did not believe that BDO could have achieved this report without the considerable help and support provided by the Barnet finance team – in particular the Section 151 officer and her staff.

He noted that he was content about the state of Barnet's financial position but very concerned about the processes of collecting the financial data, consolidating the data and presenting it – not least to its external auditors. In light of this the Chairman had instructed the Section 151 officer to set up a review of these processes and to include this as an agenda item for the next meeting in November.

**6 MEMBERS' ITEMS (IF ANY)**

None.

**7 STATEMENT OF ACCOUNTS, EXTERNAL AUDITOR'S AUDIT COMPLETION REPORT AND ANNUAL GOVERNANCE STATEMENT FOR THE YEAR 2016/17**

. Mr Lloyd-Thomas, BDO external auditor, presented the Audit Completion Report which detailed the key findings arising from the audit.

With regards to the CIL billing system (page 18 of the Committee report), i.e generating a bill at the right point in time, '*....when the chargeable development commences....*', clarification was sought as to how this would be addressed. The Chairman confirmed

that this would be considered for inclusion in the review coming back to Audit Committee meeting in November 2017. **[ACTION]**

With regards to the recovery of the outstanding Comer Homes debt (page 29 of the Committee report) the Section 151 Officer confirmed the Council is liaising with HB Public Law to ascertain the best legal route to pursue the debt. Further clarification was sought on the agreement with Comer Homes, that is, (i) did they ever pay? and if so (ii) why did they stop (?). The Section 151 Officer confirmed that there was an agreement in place but would seek confirmation as to (i) whether any payments were made (ii) when they stopped and (iii) why they stopped? The Audit Committee would be updated at the November meeting. **[ACTION]**

With regards to the Heritage assets (Immaterial disclosures) (page 39 of the Committee report) the Committee agreed they would like to see full details and information on this included in Statement of Accounts. **[ACTION]**

With regards to 'Objections and Information from Members of the Public' Mr Lloyd-Thomas confirmed none of the objections were material to the accounts and as such the work on them did not have to be completed ahead of giving the opinion.

With regards to Council's position in relation to Lender Option Borrower Option (LOBOs) the Section 151 Officer confirmed she would seek clarification and report back to the Committee in November. **[ACTION]**

With regards to page 76 Appendix VI: Draft Representation Letter, The Chairman, duly seconded by Councillor Finn, proposed the following amendment

Final paragraph (page 79 of the Committee report), last sentence change from;

*Each director and member has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.*

**To:**

*The Director of Resources has taken all steps that they ought to have taken as a director and members of the Audit Committee have provided scrutiny to assure themselves of any relevant audit information and to establish that you are aware of that information.*

Upon being put to the vote the amendment was carried and would form an additional recommendation (5).

With regards to the review on the processes involved in producing the accounts, auditing them and the subsequent improvement plan, the Chairman, duly seconded by Councillor Khatri, proposed the following additional recommendation;

*That the Director of Resources, under their remit as S151 officer, bring back an improvement plan to the next Audit committee meeting in November which would address some of the key weaknesses, also picked up in the auditor recommendations, that had led to us having to have this additional meeting. The review should involve CSG, the external auditors and the Assurance Director to ensure all processes involved in producing the accounts, auditing them and reaching a value for money opinion are covered. This improvement plan should incorporate the recommendations made by the external auditor in Appendix II (page 66 of the Committee report).*

Upon being put to the vote the amendment was carried and would form an additional recommendation (6).

With regards to Recommendation 1, Councillor Zinkin, duly seconded by Councillor Khatri, proposed the following amendment;

**That the Committee approve the Statement of Accounts for 2016/17 and the draft representation letter and recommend that they be signed by the Chairman and the Director of Resources (Statutory 151 Officer) on behalf of the Council.**

Upon being put to the vote the amendment was carried.

**RESOLVED -**

1. That the Committee approve the Statement of Accounts for 2016/17 and the draft representation letter and recommend that they be signed by the Chairman and the Director of Resources (Statutory 151 Officer) on behalf of the Council.
2. That the matters raised by the external auditor relating to detailed aspects of the 2016/17 accounts audit be noted.
3. That the management responses to recommendations made by the external auditor be noted.
4. That the Annual Governance Statement 2016/17 be noted.
5. That on page 79, Appendix VI: Draft Representation Letter, last sentence of the final paragraph be amended to read; *Director of Resources has taken all steps that they ought to have taken as a director and members of the Audit Committee have provided scrutiny to assure themselves of any relevant audit information and to establish that you are aware of that information.*
6. That the Director of Resources, under their remit as S151 officer, bring back an improvement plan to the next Audit committee meeting in November which will address some of the key weaknesses, also picked up in the auditor recommendations, that have led to us having to have this additional meeting. The review should involve CSG, the external auditors and the Assurance Director to ensure all processes involved in producing the accounts, auditing them and reaching a value for money opinion are covered. This improvement plan should incorporate the recommendations made by the external auditor in Appendix II (page 66 of the Committee report).

**8 ANY ITEM(S) THE CHAIRMAN DECIDES ARE URGENT**

None.

The meeting finished at 9.20 pm