

# MINUTES OF AUDIT AND ETHICS COMMITTEE

30 JULY 2019

## PRESENT:

**Members of the Committee:** Mr P Dudfield (Chairman), Mr J Eves (Vice Chairman), Councillors McQueen, Mistry and Pacey-Day

**Officers:** Mannie Ketley (Head of Corporate Resources and Chief Financial Officer), Jon Illingworth (Financial Services Manager), Stephen Agutter (Safety and Resilience Manager), Matthew Deaves (Communication, Consultation and Information Manager) and Veronika Beckova (Democratic Services Officer)

**In attendance:** Mary Wren (Assistant Manager – Grant Thornton)

## 12. MINUTES

The minutes of the meeting held 6 June 2019 were approved and signed by the Chairman.

## 13. STATEMENT OF ACCOUNTS 2018/19

The Committee considered the report presented by the Financial Services Manager (Part 1 – Agenda Item 4). A representative from Grant Thornton, the Council's appointed external auditor, was present at the meeting to present the Audit Findings (Part 1 – Agenda Item 4 – Appendix 2).

The Committee noted the 'Update to Expenditure and Funding Analysis' and 'The Audit Findings Addendum for Rugby Borough Council' circulated at the meeting. Copies are attached to the minutes at Annex 1 and Annex 2 respectively.

### RESOLVED THAT –

- (1) the Financial Services Team be thanked for their work;
- (2) the Committee be provided with an update on the 'Bank Control Account Reconciliations' process at a future meeting;
- (3) the inclusion of information around two contingent liabilities in relation to Pensions costs instead of a full restatement of the accounts be approved;
- (4) the Audit Findings Report for 2018/19 be noted;
- (5) the Statement of Accounts 2018/19 be approved and signed by the Head of Corporate Resources and Chief Financial Officer and the Chairman of the Audit and Ethics Committee on behalf of the Governing Body;
- (6) the Management Letter of Representation for 2018/19 be approved and signed by the Head of Corporate Resources and Chief Financial Officer and the Chairman of the Audit and Ethics Committee on behalf of the Governing Body; and
- (7) a notice of the 2018/19 Statement of Accounts be submitted to Council on 26 September 2019 for noting.

**14. 2019/20 INTERNAL AUDIT PLAN – PROGRESS UPDATE**

The Committee considered the report presented by the Corporate Assurance and Improvement Manager (Part 1 – Agenda Item 5).

**RESOLVED THAT** – the report be noted.

**15. MOTION TO EXCLUDE THE PUBLIC UNDER SECTION 100(A)(4) OF THE LOCAL GOVERNMENT ACT 1972**

**RESOLVED THAT** – under Section 100(A) (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involved the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.

**16. LIMITED ASSURANCE INTERNAL AUDIT REPORTS**

The Committee considered the private report presented by the Corporate Assurance and Improvement Manager (Part 2 – Agenda Item 1).

The Communication, Consultation and Information Manager and the Safety and Resilience Manager attended the meeting to provide updates and answer questions on their respective reports.

As the Property Repairs Manager was unable to attend the meeting, the Committee agreed to defer the respective report to the next meeting.

**RESOLVED THAT** –

- (1) the officers be thanked for attending the meeting;
- (2) the reports be noted; and
- (3) the Property Repairs Manager be invited to the next meeting of the Committee.

**17. WHISTLE BLOWING INCIDENTS – STANDING ITEM – TO RECEIVE ANY UPDATES**

There were no issues to report.

**18. FRAUD AND CORRUPTION ISSUES – STANDING ITEM – TO RECEIVE ANY UPDATES**

There were no issues to report.

**CHAIRMAN**

**Audit and Ethics Committee 30 July 2019 Agenda Item 4 Approval of Accounts  
2018/19**

**UPDATE TO EXPENDITURE AND FUNDING ANALYSIS**

In the final week before the publication of the draft Statement of Accounts one of the two Principal Accountants in the Financial Services Team was signed off work due to sickness which meant that all outstanding tasks had to be redistributed across the team at very short notice.

The statements were published as required, but amendments to the Expenditure and Funding Analysis note (page 60 of Appendix A) were completed post publication but before the commencement of the external audit.

The amendments made relate to the categorisation of adjustments within the table and the total adjustment figure remained at the published value of £2.189m. These changes were discussed and agreed with Grant Thornton as part of the audit.



# The Audit Findings - Addendum for Rugby Borough Council

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**Year ended 31 March 2019**

**30 July 2019**



# Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

There are no adjusted misstatements to disclose other than misclassification and disclosure changes below:

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure note	Detail	Auditor recommendations	Adjusted?
<b>Revised Expenditure and Funding Analysis</b>	<ul style="list-style-type: none"> <li>Following preparation of the draft financial statements the Council identified material changes which were required in relation to the Expenditure and Funding Analysis.</li> </ul>	This was identified by the Council and has been adjusted in the final version of the financial statements.	✓
<b>Note 11 - CIES analysed by nature</b>	<ul style="list-style-type: none"> <li>Note 11 to the financial statements is an analysis of income and expenditure by its nature. This is analysed in a different way to the CIES and it is not clear to the reader how the values stated link together</li> </ul>	<p>Note 11 to include additional disclosures to explain to the reader of the financial statements how the values stated link to those within the CIES.</p> <p><b>Management response</b></p> <p>This has been actioned as requested in the final accounts</p>	✓
<b>Minor amendments</b>	<ul style="list-style-type: none"> <li>Various</li> </ul>	<p>A small number of other minor amendments were made to correct typing errors, page numbering and incorporate additional narrative information. We do not deem these significant enough to bring to the attention of those charged with governance.</p> <p><b>Management response</b></p> <p>We agree and concur that with such a small team working on such a large document for the closure required by 31 July, minor errors are always likely to occur. We will continue to focus on materiality in preparing the statements and on telling the story well for the reader of the accounts.</p>	✓



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