

LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE MINUTES 14 FEBRUARY 2019

Members Present: Frances Button (Chairman) Claudia Webbe
John Bevan John Wyllie
Derek Levy (Deputy for Christine Hamilton)

Apologies Received From: Christine Hamilton, Simon Walsh

Officers Present: Simon Sheldon - Director of Finance & Resources
Beryl Foster - Director of Corporate Services
Keith Kellard - Chief Accountant
Dan Buck - Head of Sport & Leisure
Lindsey Johnson - Committee Services Officer

Also Present: Neil Harris - Ernst & Young

Part I

The Chairman welcome Neil Harris from Ernst & Young to his first meeting.

The Chairman also advised Members that there was still a vacancy on the Audit Committee and that the resolution was currently in the hands of the Authority Chairman.

152 DECLARATIONS OF INTEREST

There were no declarations of interest.

153 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 20 September 2018 be approved and signed.

154 PUBLIC SPEAKING

No requests from the public to speak or present petitions had been received for this meeting.

155 ACCOUNTING POLICIES AND ACCOUNTS CLOSEDOWN Paper AUD/95/19 TIMETABLE 2018/19

The report was introduced by the Chief Accountant, who informed Members that it is a key requirement to close our Financial Accounts under the Accounting and Audit Regulations 2015 in accordance with International Financial Reporting Standards.

The Chairman commented on how detailed the closedown timetable is and expressed the confidence that this detail gave her. The Chairman expressed her thanks to Ernst & Young and the Finance team for their work in getting the Financial Accounts completed so quickly.

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A Member noted that the closedown timetable was only 4 months and asked if it was enough time to prepare everything. The Chief Accountant responded stating that we achieved this timescale last year with plenty of time to spare and did not foresee any problems this year.

- (1) the Accounting Policies set out in Appendix A to Paper AUD/95/19;**
- (2) the Draft Closedown Timetable set out in Appendix B to Paper AUD/95/19;**
- (3) a special Audit Committee to approve and sign-off the accounts and to receive the annual Audit Results report on 4 July 2019 following the AGM was approved; and**
- (4) the review of accounting policies set out from paragraph 2 and the key judgements and assumptions set out in paragraphs 11 to 14 of Paper AUD/95/19 was noted.**

Claudia Webbe arrived during the next item.

156 EXTERNAL AUDIT 2018/19 – AUDIT PLAN

Paper AUD/96/19

The report was introduced by the Director of Finance & Resources explaining that this is the interim and final accounts audit. He also informed Members that the auditors' fee will be £14337.

Neil Harris from Ernst & Young introduced the Audit Plan report, key points included:

- There has been a detailed handover with your previous auditor, Debbie Hansen.
- There is a new area of focus for the 'incorrect capitalisation of revenue expenditure' and a new risk has been identified 'new accounting standards'.
- Materiality is consistent with last year and set at 2%.
- Performance materiality is in a stable position and set at 75%.
- Value for money has identified 2 significant risks, 'delivery of a robust medium term financial plan' and 'commercialisation decisions to generate income and maximise the return from assets', therefore it is possible that he may wish to increase the auditors' fee.

The Chairman expressed concern about the possibility of the auditors' fee increasing and asked for further explanation. Neil Harris responded stating that last year there was significant movement in pension values with a number of local authorities which resulted in them having to re-run their reports to ensure up to date figures and advised that we leave our pensions report until as late as possible. The Director of Finance & Resources responded stating that LPFA have been instructed to do our calculation and he believes that it will be done close to year end but will be in touch with them to find out.

Neil Harris stated that the audit fee is set independently by PSAA who based the fee on the assumption that the Authority is a non-complex organisation, however our asset portfolio and decisions we are making on commercial ventures potentially make LVRPA a more complex organisation. The auditor's concern is that there is potentially more audit work than that prescribed for in the fee. Whilst not saying that there will be an increase in the auditors' fee, he is merely being transparent about what might happen. Any requirement to increase the fees due to increased audit work would be subject to discussion and comment by management and would need to be approved by this committee. Any variation or rebase to the fee is also subject to approval by the PSAA

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A Member asked what would happen if Ernst & Young did ask for an increase in the auditors' fee and we disagree and refuse to pay it, would the auditors' work be scaled back? Neil Harris replied stating that it was his professional responsibility to deliver the audit and as such ultimately Ernst & Young would have to absorb any additional fees.

- (1) the External Auditors' Audit Plan for 2018/19 (Sections 1 and 2) attached at Appendix A to Paper AUD/96/19; and**
- (2) the proposed annual audit fee for 2018/19 as set out in the financial implications was noted.**

Derek Levy left the meeting.

157 RISK REGISTER 2018/19

Paper AUD/97/19

The report was introduced by the Director of Finance & Resources who informed Members that the key changes are:

- The inclusion of a sub register of the Leisure Services Contract retender (SR9).
- Movement in overall scoring for SR9 down from red to amber due to the actions already implemented.
- Addition of a broader definition of SR10 regarding land disposals as requested by Members at the last Committee and the potential risk of sales within the Green Belt.
- Proposed inclusion of new corporate risk relating to the potential impact of Brexit.

A Member asked if the Sub Risk Register at Appendix B was completed by the Authority or the Trust. The Head of Sport & Leisure responded stating that it was completed by the Authority and is to do with the procurement of the new Leisure Services Contract.

- (1) the Corporate Risk Register included at Appendix A and the sub-register at Appendix B of Paper AUD/97/19 was approved.**

Chairman

Date

The meeting started at 12.45pm and ended at 1.20pm.