

Audit Committee – 8 March 2016

Minutes of the meeting of the **Audit Committee** held on **8 March 2016** when there were present:-

Vice-Chairman: Cllr Mrs L A Butcher

Cllr C I Black
Cllr R R Dray
Cllr Mrs A V Hale

Cllr D Merrick
Cllr Mrs M H Spencer
Cllr D J Sperring

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr J L Lawmon

OFFICERS PRESENT

A Law	- Assistant Director, Legal Services
R Manning	- Section 151 Officer
J Kevany	- Principal Auditor
S Worthington	- Committee Administrator

ALSO PRESENT

B Pryke - BDO
D Eagles - BDO
K Suter - EY
C Hewitt - EY

49 APPOINTMENT OF VICE-CHAIRMAN

Cllr D Merrick was appointed Vice-Chairman for this meeting.

50 MINUTES

The Minutes of the meeting held on 8 December 2015 were approved as a correct record and signed by the Chairman.

51 EXTERNAL AUDITOR REPORT: GRANTS CLAIM AND RETURNS CERTIFICATION 2014/15

The Committee considered the report of the S151 Officer drawing Members' attention to the grants claim and returns certification 2014/15 report from the Council's external auditor for 2014/15, BDO.

It was noted that this would be the last Audit Committee attended by BDO, after 17 years working with the Council as external auditor.

In response to Member questions the following points were noted:-

- The monetary impact of the overall error rate in respect of grant claims cases was lower than the 12.5% error rate.

- It was not unusual for the same error to occur frequently, but such an error was usually resolvable.
- Random samples from the different types of subsidies/claims were selected for auditing.
- There were no systematic errors identified during the audit process, however, additional training for Council staff in areas where manual adjustments were made could be useful.
- Any over payments of subsidies were sought back from claimants; any potential fraud would be referred to DWP for further investigation.

Resolved

That the grants claim and returns certification for 2014/15 be noted.
(S151O)

52 EXTERNAL AUDITOR REPORT UPDATES FOR 2014/15

The Committee considered the report of the Assistant Director, Legal Services drawing Members' attention to the findings, recommendations and management response arising from the final audit report for the year ended 31 March 2015.

Officers advised, in response to a Member question relating to collection fund accounting on page 8.2 of the report, that the liability in respect of national non-domestic arrangements in place prior to 2013/14 was approximately £300,000, which was being actively pursued. A provision had already been made for this, but clarification was being sought as to whether this would actually need to be paid. A report would be provided to the next meeting of this Committee on this liability.

In response to an enquiry about the accelerated timescale for the preparation of financial statements, set out on page 8.2 of the officer's report, officers confirmed that five weeks had now been cut from the timetable, which was robust and adhered to stringently.

Officers advised, in response to a Member question in respect of contract monitoring, detailed on page 8.4 of the officer's report, that a working group had been set up to address changes in working practices.

Resolved

- (1) That the updated provided in the monitoring sheet on external auditor recommendations arising from the final audit report to the Audit Committee for the year ended 31 March 2015 be noted.

- (2) That a report on liability in respect of national non-domestic arrangements in place prior to 1 April 2013 be considered at the next meeting of this Committee. (ADLS)

53 EXTERNAL AUDITOR'S ANNUAL AUDIT PLAN FOR 2015/16

The Committee considered the report of the Section 151 Officer presenting the Council's external auditor's annual audit plan covering the audit of the 2015/16 accounts and certification of claims and returns.

The EY external auditors thanked BDO and officers for their assistance during the period of transition to new external audit arrangements. In response to a Member enquiry relating to the period of engagement, EY confirmed that they would be the Council's external auditors until 2018; the Council would be able to select an external auditor with effect from 2018/19.

Resolved

That the external auditor's annual audit plan for 2015/16 be noted. (S151O)

EXCLUSION OF THE PRESS AND PUBLIC

Resolved

That the press and public be excluded from the meeting for the remaining item of business on the grounds that exempt information, as detailed in paragraph 3 of Part 1 of the Local Government Act 1972, would be disclosed

54 AUDIT REPORT

The Committee considered the exempt report of the Assistant Director, Legal Services drawing Members' attention to completed audit investigations and providing an update of audit recommendations.

It was noted that recommended action 2 in respect of report 6 on debtors, detailed on page 11.16 of the report, had been implemented.

In response to Member questions the following points were noted:-

- The issue around timeliness of raising orders detailed on page 11.6 related to orders not being raised on Marketplace until the invoice had been received; however, there were fewer such instances.
- The issue around payment of invoices related to the departure of a member of staff, which had resulted in a backlog. All invoices had subsequently been paid and procedures established to address this issue. A new procurement system would be introduced soon and induction of new staff and training of existing staff would make it clear that penalties would be imposed if procurement rules were not followed; this would ensure that such issues would not reoccur.

Officers advised that the peer review of Internal Audit, arising out of concerns raised by Members at the last meeting of the Audit Committee had been completed. Copies of a document detailing actions to be taken by the Council in response to issues highlighted during the review were circulated to Members. It was noted that the peer review report would be circulated to the Audit Committee as soon as this was finalised.

Officers confirmed that the report highlighted a number of issues that needed to be addressed, including the appointment of a nominated Chief Audit Executive. It was anticipated that this function could be added to existing S151 contractual arrangements with Essex County Council. In response to a Member question relating to the cost, officers advised that there was an internal audit contingency available of £50,000 and some of this could be used to address this need.

Resolved

That the conclusions and results from the audit engagements in appendices 2 and 3 be noted. (ADLS)

The meeting closed at 8.30 pm.

Chairman

Date

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