

Audit Committee – 21 June 2016

Minutes of the meeting of the **Audit Committee** held on **21 June 2016** when there were present:-

Chairman: Cllr Mrs L A Butcher
Vice-Chairman: Cllr D Merrick

Cllr R R Dray	Cllr M Hoy
Cllr D S Efde	Cllr R Milne
Cllr A H Eves	Cllr M J Webb
Cllr Mrs J R Gooding	

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs C I Black and T E Mountain.

SUBSTITUTES

Cllr C M Stanley - for Cllr C I Black

OFFICERS PRESENT

A Law	- Assistant Director, Legal Services
M Petley	- Senior Accountant
J Kevany	- Principal Auditor
G Mortimer	- Interim Chief Audit Executive
S Worthington	- Committee Administrator

ALSO PRESENT

C Hewit - EY

134 MINUTES

The minutes of the meeting held on 8 March 2016 were confirmed as a correct record and signed by the Chairman.

135 EXTERNAL AUDIT RECOMMENDATION – COLLECTION FUND LIABILITY

The Committee considered the report of the Section 151 Officer providing details into an investigation of a liability relating to the Collection Fund on the 2014/15 balance sheet.

Resolved

That the report be noted and the investigation closed, with subsequent improvements made in the Collection Fund balance accounting, as detailed in paragraph 3.3 of the officer's report. (S151O)

136 EXTERNAL AUDITOR REPORT UPDATES FOR 2014/15

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

In response to a Member enquiry relating to an outstanding management response action in respect of accounting for non-domestic rates detailed in recommendation 1 on page 8.3 of the officer report, officers confirmed that this had now been completed.

Resolved

- (1) That the updates provided in the monitoring sheet on external auditor recommendations arising from the final audit report to the Audit Committee be noted.
- (2) That the updates provided in the monitoring sheet on external audit recommendations arising from the grants claim and returns certification report for the year ended 31 March 2015 be noted. (ADLS)

137 ANNUAL AUDIT AND CERTIFICATION FEES 2016/17

The Committee considered the report of the Section 151 Officer advising Members of the proposed annual audit and certification fees for 2016/17.

In response to the level of fees for 2016/17, the external auditor confirmed that these were the same as for 2015/16. He advised, in response to a supplementary question relating to the low level of fees in 2014/15, that a national tendering exercise had been conducted for the external audit of local authorities in England, which had resulted in a reduction in external audit fees in 2014/15.

Officers confirmed, in response to concern expressed by Members relating to any potential increase in external audit fees for 2016/17, that any proposed increase in fees could be referred to the Audit Committee for consideration/approval.

Resolved

- (1) That the Annual Audit and Certification Fees 2016/17 Letter be noted.
- (2) That any proposed increase in the external audit fees for 2016/17 be referred to the Audit Committee. (S151O)

138 SCHEDULE OF BUSINESS FOR THE AUDIT COMMITTEE 2016/17

The Committee considered the report of the Assistant Director, Legal Services summarising the proposed schedule of business for the Audit Committee for 2016/17.

Officers confirmed, in response to a Member question relating to the review of the corporate risk register, as detailed on page 10.3 of the officer's report, that the Risk Manager was a member of the local authority trading company (LATCO) project team and that this would be included in the corporate risk register.

Resolved

That the schedule of business for the Audit Committee for 2016/17 be noted. (ADLS)

EXCLUSION OF THE PRESS AND PUBLIC

Resolved

That the press and public be excluded from the meeting for the remaining items 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.

139 INTERNAL AUDIT ANNUAL REPORT 2015/16

The Committee considered the exempt report of the Assistant Director, Legal Services, providing details of the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control during 2015/16.

The Audit Committee's discussion of this item is set out in the exempt appendix to these minutes.

Resolved

That the Head of Internal Audit's opinion on the overall adequacy and effectiveness of the Council's systems of governance, risk management and internal control be noted. (ADLS)

140 ANNUAL GOVERNANCE STATEMENT FOR 2015/16

The Committee considered the exempt report of the Section 151 Officer presenting an Annual Governance Statement for Members' consideration and approval.

The Audit Committee's discussion of this item is set out in the exempt appendix to these minutes.

Resolved

That the 2015/16 Annual Governance Statement be signed by the Leader of the Council and the Managing Director. (S151O)

141 INTERNAL AUDIT PLAN 2016/17

The Committee considered the report of the Assistant Director, Legal Services providing Members with the proposal 2016/17 annual audit plan for consideration and approval.

In response to a Member question relating to paragraph 5.8 of the officer's report, relating to additional resources, officers advised that a business plan was being prepared, which would include costings associated with the recruitment of a Chief Audit Executive post September 2016 and a contingency plan could include an extension of the current arrangement with the County Council. The S151 Officer supported the Assistant Director's business case for a Chief Audit Executive. Officers confirmed, in response to a supplementary question relating to IT, that an assessment was needed of how the Council's IT services are structured and delivered; clarity around the operating model was essential. Currently the Council did not have the necessary expertise in respect of counter fraud and IT-related risk; it was not uncommon for local authorities to buy in external expertise in these areas by contractual arrangement. The S151 Officer would be consulted on proposals relating to any necessary additional resources, and the Head of Paid Service would have to agree any costed proposal prior to September 2016.

Responding to a Member query relating to the statutory period post-redundancy of recruiting to the Chief Audit Executive role, officers advised that the previous post-holder did not perform the same role; the previous role covered performance management as well as internal audit. The Chief Audit Executive role was a completely new role, but the legal position would be checked as part of the process.

In response to a concern expressed by a Member relating to many instances of timings of work not specified in appendix 1 to the officer's report, officers confirmed that a paper would be circulated to Members of the Committee providing details of how the internal audit work would be completed during the current financial year.

Resolved

- (1) That the proposed 2016/17 audit plan be approved, subject to details of how and when the work will be implemented being circulated to Members of the Audit Committee.
- (2) That the current progress in assessing future options for delivering the Internal Audit and counter fraud service, in particular obtaining the required resources to deliver the proposed 2016/17 audit plan in full be noted. (ADLS)

142 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.

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Resolved

- (1) That the conclusions and results from the audit engagements in appendix 2 be noted.
- (2) That the updated information on the audit recommendations, outlined in appendix 3, be noted. (ADLS)

The meeting closed at 9.50 pm.

Chairman

Date

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