

AUDIT COMMITTEE

29 September 2016

Present: Councillor D Scudder (Chair)
Councillor T Williams (Vice-Chair)
Councillors S Cavinder, Asif Khan and B Mauthoor

Also present: Andrew Brittain (Ernst and Young)
Hannah Ormston (Ernst and Young)

Officers: Shared Director of Finance
Audit Manager, Shared Internal Audit Service
Committee and Scrutiny Officer

15 Apologies for Absence/Committee Membership

Apologies for absence were received from the Head of Democracy and Governance.

16 Disclosure of Interests (if any)

There were no disclosures of interest.

17 Minutes

The minutes of the meeting held on 27 June 2016 were submitted and signed.

18 Ombudsman's Annual Letter

The committee received a report of the Head of Democracy and Governance which included the Local Government Ombudsman's Annual Review Letter.

The Director of Finance informed the committee that although there had been an increase in complaints to the Ombudsman, only one had been investigated, which had not been upheld.

The committee noted the increase, particularly for housing and revenues and benefits. However, the Ombudsman had considered the council had acted correctly.

The Director of Finance advised that in respect of the revenues and benefits cases, some of them were not related to the council's actions. It showed that more people were using their right to contact the Ombudsman but all cases had been rejected. If officers were aware of a pending ombudsman complaint, they would sometimes contact the person to see if it could be resolved before the Ombudsman carried out an assessment of the complaint.

RESOLVED –

that the Local Government Ombudsman's Annual Review Letter 2016 be noted.

19 **Annual Governance Statement - Action Plan Update**

The committee received a report of the Head of Finance (Shared Services) which provided details in implementing the actions required in the Annual Governance Statement.

The Director of Finance highlighted the latest updates regarding the Disaster Recovery Plan.

RESOLVED –

that the progress made against the action plan be noted.

20 **Internal Audit - SIAS Board Annual Report 2015-16**

The committee received a report of the Head of Finance (Shared Services) and the Annual Report 2015/16 from the Shared Internal Audit Service (SIAS).

The Audit Manager highlighted the reference to the peer review which showed SIAS had achieved the highest level of conformance to the Public Sector Internal Audit Standards.

The Chair noted that the same report had been presented to the County Council Audit Committee. He was unable to recall any questions from the committee.

The Audit Manager responded that he had presented the report to five different Audit Committees and only one question had been raised by councillors, which had related to the trading account's reserves.

RESOLVED –

that the Shared Internal Audit Service Annual Report for 2015/16 be noted.

Internal Audit Progress Report 2016/17

The committee received a report of the Head of Finance (Shared Services) and the Shared Internal Audit Service's Audit progress report which set out the progress made in implementing audit recommendations.

The Audit Manager provided an overview of the progress report and updated the performance indicators. In the period since the Committee report was first published, the percentage of completed planned days had increased from 27% to 30% and the percentage of actual completed projects had increased from 17% to 20%. He confirmed that the S106 Agreements audit report and Disabled Facilities Grants Capital Grant certification work had also been completed in this period. He added that a number of recommendations had been resolved and the Recommendations Log would be updated and rationalised for the next meeting.

RESOLVED –

1. that the Internal Audit Progress Report for the period to 9 September 2016 and further updated at the meeting be noted.
2. that amendments to the Audit Plan as at 9 September 2016 be approved.
3. that the removal of the implemented recommendations (shown as Appendix C to the report) be agreed.
4. that the changes to the implementation date for 21 recommendations (paragraph 2.5.1 of Appendix 1) for the reasons set out in Appendix C, be agreed.

External Auditors Report To Those Charged With Governance - ISA260 - (September 2016) and Approval Of The Statement of Accounts 2015/16

The committee received a report of the Head of Finance (Shared Services) and the external auditors (EY) setting out –

- Report to those charged with Governance (IAS260) – EY (UK) LLP
September 2016
- Letter of representation
- Statement of accounts 2015/16

Hannah Ormston explained the external auditor's report and highlighted some of the points. During the audit a number of differences were identified but these

were amended by management. She advised that two audit risks had been identified and were set out within the report. The committee's role was to agree the letter of representation which, if agreed by Audit Committee, would be signed by the Director of Finance and Chair of the Audit Committee immediately after the meeting. An amended Appendix A would be circulated following the corrected audit differences having been amended.

Following a question about the business rates contingency, Andrew Brittain explained that there were three criteria that had to be met. The first two elements had been agreed, but the third had not been agreed in the first instance. Discussions had been held with the Director of Finance and Head of Finance (Shared Services).

The Director of Finance added that as a result of the discussion it had been agreed that the auditor's amendment would be accepted, thus enabling the audit to be completed. Discussion would continue between both parties throughout the year. The appeal provision allowed for refunds needed in the following year as a result of adjustments for previous years' business rates and amendments agreed by the Valuation Office. Officers set an estimated figure following professional advice. The amendment meant that the council would be closer to the business rates safety net figure.

The Director of Finance then referred to the Statement of Accounts. She stated that there were a number of changes that she needed to report to the committee. She advised that these changes had already been incorporated into the set for signature. The changes were –

- Page 23 – the net expenditure for the Corporate and Democratic Core should have read £3,767,000; the same as the gross expenditure.
- Page 23 – the net expenditure for non-distributed costs should have read £2,147,000; the same as the gross expenditure.
- Page 44 – the figure for NNDR should have read (£2,578); this figure reflected the appeal provision change agreed with EY.

The Director of Finance assured the committee that the amendments were accounting adjustments.

RESOLVED –

1. that the external auditor's 'Report to those charged with governance' be noted.

2. that the processes involved in the production of the annual Statement of Accounts for 2015/16 be noted.
3. that the committee confirms that it is satisfied that the accounting policies adopted are the most appropriate.
4. that the Statement of Accounts for 2015/16 be approved.

23 **Committee Work Programme**

The committee received a report of the Head of Finance (Shared Services) setting out the Committee's updated work programme for the remaining meetings in 2016/17.

The Chair commented that at the last meeting Councillor Khan had asked that 'Emerging Risks' be added to the work programme. This had been added to the agenda for the December meeting. The Director of Finance had a prepared report which she would circulate to the committee.

The Chair added that there were three topics he had suggested could be combined into a short discussion prior to the next meeting. The topics were –

- The role of Audit Committee in corporate governance
- The role of Audit Committee in risk management
- The role of the Audit Committee with the work of external audit

The Director of Finance added the Treasury Management 2017/18 needed to be added to the list of reports for December.

RESOLVED –

that the updated work programme be agreed and amended as suggested.

Chair

The Meeting started at 7.00 pm
and finished at 7.35 pm