

AUDIT COMMITTEE
Tuesday, 9th January 2018

PRESENT – *Councillors Sidat (in the Chair); Casey, Whittle, McGurk, Murray, and D Foster.*

ALSO PRESENT

Councillor Andy Kay	- Executive Member Resources
John Farrar	- District Auditor
Neil Krajewski	- District Auditor
Louise Mattinson	- Director of Finance and IT
Colin Ferguson	- Head of Audit and Assurance
Phil Llewellyn	- Governance and Democratic Manager
Robert Arrowsmith	- Head of Policy, Performance and Commissioning
Katherine White	- Head of Adult Social Care & Social Work

RESOLUTIONS

21 Minutes of the meeting held on 19th September 2017

The minutes of the meeting held on 19th September 2017 were agreed as a correct record.

At this point in the meeting the Chair requested that the External Auditors leave the room while the Director of Finance &IT updated the Committee on the Appointment of External Auditors once the Council's current contract expired. It was noted that the Council had awarded its contract to Grant Thornton.

22 Declarations of interest

There were no declarations of interest submitted (Councillor Ron Whittle stated he was a Council representative on the Pension Fund Committee, which did not require him to fill out an interest form).

23 External Audit – Annual Audit Letter

The Council's External Auditors provided a summary to Members of the Committee of the Annual Audit Letter, which summarised the key findings arising from the work carried out at the Council for the year ended 31st March 2017.

An unqualified opinion had been given on the Council's financial statements on 25th September 2017. In terms of Value for Money, Grant Thornton were satisfied that the Council had proper arrangements in place to ensure economy, efficiency and effectiveness in its use of

resources during the year ended 31st March 2017, which was reflected in its audit opinion on 25th September 2017.

The audit had been certified in accordance with the requirements of the Code on 27th September 2017, and in terms of the Certification of the Council's Housing Benefit subsidy claim, this would be reported to the Committee in the Annual Certification Letter.

RESOLVED- That the Annual Audit Letter be received and noted.

24 External Audit – Audit Committee Progress Report and Update Year ended 31st March 2018

The Council's External Auditors reported on progress up to 20th December 2017 and gave a Sector update.

Work had started on planning for the 2017/18 financial statements audit, with a detailed plan of the proposed approach to be issued by 28th February 2018. The Plan would be considered by the Committee at its April meeting.

In terms of Value for Money, an initial risk assessment to determine the approach would be carried out in January 2018, and a Value for Money Conclusion given by the deadline in July 2018.

RESOLVED- That the update be noted.

25 Treasury Management Report – September to November 2017

The Director of Finance & IT provided the Committee a report on the Treasury Management Quarterly report covering the period September 2017 to November 2017.

Members were reminded that the Council formally adopted CIPFA's revised Code of Practice on Treasury Management in the Public Services when they approved the 2017/18 Treasury Management Strategy at Finance Council in February 2017. The CIPFA Code, Investment Guidance issued by the Department for Communities and Local Government (CLG) and the Audit & Assurance review of Treasury Management activities, all Members recommend an enhanced role for elected Members in scrutinising the Treasury Management function of the Council.

The report summarised the interest rate environment for three months, borrowing and lending transactions undertaken and the Council's overall debt position. It also reported on the position against the Prudential Indicators established by the Council.

RESOLVED -

That the the Treasury Management position over the quarter from September 2017 to November 2017 be noted.

26 Audit & Assurance–Progress & Outcomes to November 2017

The Head of Audit & Assurance submitted a report which updated the Committee on achievements and progress made by Audit & Assurance in the period from 1st September to 30th November 2017.

The report focused on a number of key areas in Audit & Assurance Plan, in particular:

- Risk and Corporate Governance
- Counter Fraud Activity
- Internal Audit work and performance
- Audit & Assurance Plan 2017/18 – In Year Review

Further to discussions at the last meeting, Robert Arrowsmith, Head of Policy, Performance and Commissioning and Katherine White, Head of Adult Social Care & Social Work attended the meeting to give further information on Private Care Homes Contract Payments, following an audit where a limited assurance opinion was provided and a management response was outstanding in respect of six recommendations, including two graded as ‘must’.

It was reported that there had been a marked improvement in the areas Identified in the audit, and details were given, although three actions were still outstanding.

Members of the Committee asked a number of questions, in particular, on whether the Mosaic software was fit for purpose and compatible with the Civica accounting software, and it was agreed that further details would be provided to the Committee after the meeting.

RESOLVED - That the Committee note the outcomes achieved to 30 November 2017 against the Audit & Assurance Plan, which was approved by Committee in April 2017.

27 Annual Governance Statement (AGS) – Progress of 2016/17 Actions and 2017/18 Approach/Timetable

The Head of Audit & Assurance provided the Committee with a report on the progress of the actions taken to address the significant governance issues identified in the 2016/17 AGS and the planned approach and timetable for producing the 2017/18 Statement.

RESOLVED – That the progress made on the agreed AGS actions from 2016/17 and approach/timetable for producing the AGS for 2017/18 be noted.

28 Risk Management – 2017/18 Quarter 2 Review

The Head of Audit and Assurance provided the Committee with a report which detailed the risk management activity that had taken place in the period from 1st July to 30th September 2017.

Members were reminded that the top corporate risk remained the same as in the previous quarter, Corporate Risk 14, a high profile serious/critical safeguarding incident occurring relating to an individual known to the Council.

RESOLVED – That the progress made on the Corporate Risk Register at the end of Quarter 2 2017/18 and risk management activity in the period be noted.

29 Audit & Governance Committee – Effectiveness Assessment

A report was submitted which gave the results of an assessment of compliance of the Audit & Governance Committee against recognised best practise as well as a review of the effectiveness of the Committee by the Chair of the Committee and a summary of Committee members' self-assessments. The results of the assessments were set out in appendices 1, 2 and 3 to the report. Appendix 1 contained details of the Committee's position in comparison to the CIPFA good practice checklist, which showed the Committee arrangements were largely compliant with the recommended guidance.

Appendix 2 contained details of the evaluation of Effectiveness of the Committee produced by the Head of Audit & Assurance in consultation with the Chair of the Committee – across the five areas of evaluation the score was 4 out of 5, with the remaining four areas scoring a 5.

The details included at Appendix 3 provided a summary of the responses received from the Councillors who had been members of the Committee during the Municipal Year. The overall results showed that there was a strong belief by all members that the Committee was operating effectively, with the majority of scores being either a 3 or a 4. However there were some areas where there was scope for further improvement for consideration by the Committee.

RESOLVED – That the following appendices be approved the following, as a means of confirming their effectiveness as an Audit & Governance Committee:

- the Audit & Governance Committee’s position when compared to the CIPFA good practice checklist (Appendix 1);
- the Evaluation of Effectiveness of the Audit & Governance Committee, produced by the Head of Audit & Assurance in consultation with the Chair of the Committee (Appendix 2); and,
- the summary results from the individual member self-assessments of the overall effectiveness of the Committee (Appendix 3).

30 Confirmation of the Appointment of the Councils’ External Auditor

Members received a report from the Director of Finance and IT which asked the Committee to note the appointment of Grant Thornton as the external auditor to the Council for the 2018/19 accounts and beyond following the end of the transitional arrangements at the conclusion of the 2017/18 audits; and the proposed arrangements for the appointment of an accredited accounting firm to carry out the work required under the auditors to new arrangements for the Housing Benefit (Subsidy) Assurance Process for Subsidy claims from 2018/19 onwards.

The Council’s external auditors were currently working under a contract originally let by the Audit Commission and the contract was novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission. This included the work necessary to certify the Council’s Housing Benefits Subsidy claim.

The Council was required to have new arrangements in place to make a first appointment of its external auditors by 31 December 2017 for the audit year 2018/19 and to inform the Department for Works and Pensions (DWP) of the procurement of its reporting accountant for subsidy claims from 2018 onwards by 1 March 2018.

RESOLVED – That the appointment of Grant Thornton as the Council’s external audit services provider from 2018/19 be noted.

Signed
Chair of the meeting at which the Minutes were signed
Date