

AUDIT & GOVERNANCE COMMITTEE

Tuesday, 16 April 2019

PRESENT – Councillors; Sidat (Chair), Connor, McGurk, Rigby and Whittle.

OFFICERS – Colin Ferguson (Audit & Assurance), Simon Ross (Finance), John Farrar and Simon Hardman (External Audit)

ALSO IN ATTENDANCE – Councillor Kay

RESOLUTIONS

36 **Welcome and Apologies**

The Chair welcomed everyone to the meeting. Apologies were received from Councillor Jim Casey.

37 **Minutes of the last meeting**

The minutes of the meeting held on Tuesday 15th January 2019 were agreed as a correct record.

38 **Declarations of Interest**

No Declarations of Interest were received.

39 **External Audit - Audit Plan 2018/19**

The Council's External Auditors provided an overview of the planned scope and timing of the statutory audit.

The external auditor highlighted the risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error had been identified as;

- Management override of controls
- Valuation of pension fund net liability
- Valuation of land and buildings

The findings for these areas would be communicated as well as any other significant matters arising from the Audit Findings Report.

It was reported that a significant risk identified was Management override of controls. The Authority faced external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they reported performance.

The pension fund net liability presented a significant estimate in the financial statements. The pension fund net liability was considered a significant estimate due to the size of the numbers involved, with the pension scheme liability estimated at £249.2 million as at 31st March 2018 and the sensitivity of the estimate to changes in key assumptions.

Therefore it had been identified the valuation of the Authority's pension fund new liability as a significant risk.

In addition to Grant Thornton's responsibilities it was raised that the Narrative Report and Annual Governance Statement will be checked for consistency with the financial statements, work will be carried out on consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions and to certify the completion of the audit.

RESOLVED – That the report to noted

40 **External Audit - Audit Committee Progress Report and Update**

Grant Thornton updated the Committee on the Audit Progress Report and Sector Update.

It was noted that the process of the interim audit commenced in January 2019. The interim fieldwork included:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

In terms of value for money the work would be reported in the Audit Findings Report and a Value for Money Conclusion given by the deadline in July 2019.

In other areas the Council's annual Housing Benefit subsidy claim would be checked to ensure it is in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 had not yet started, and completion on approving the overall project plan for completing this work were ongoing with officers.

RESOLVED – That the update be noted.

41 **Treasury Management Report - December 2018 to February 2019**

Further to CIPFA's Code of Practice on Treasury Management being adopted by the Council, a report was submitted seeking recommendation that the position for the period of 16th December 2018 to 28th February 2019 be noted.

Background information included in the report highlighted the recommendation of the scrutiny of the Treasury Management function of the Council.

The report summarised the interest rate environment for the period of 16th December 2018 to 28th February 2019, and the borrowing and lending transactions undertaken, together with the Council's overall debt position and also reported on the position against Treasury and Prudential Indicators established by the Council was also highlighted.

RESOLVED – That the Report be noted.

42 Audit & Assurance - Progress & Outcomes to February 2019

A report was submitted informing Members of the achievements and progress made by Audit & Assurance in the period from 1st December 2018 to 28th February 2019.

The report focused on a number of key areas in the Audit & Assurance Plan, in particular counter fraud activity and progress on the matched from the National Fraud Initiative, completed reviews including Police and Crime Commissioner (PCP) Grant and Internal Audit Performance.

RESOLVED – That the outcomes achieved from 1st December 2018 to 28th February 2019 against the Annual Audit & Assurance Plan be noted.

43 Audit & Assurance Plan 2019/20 and Internal Audit Charter

Members were provided with a report of the planned Audit and Assurance work for the forthcoming year. Key issues were highlighted as outlined in the report.

It was confirmed that the only changes to the Internal Audit Charter were job titles and responsibilities.

RESOLVED – That the Committee:

- Approve the 2019/20 Audit & Assurance Plan;
- Approve the Internal Audit Charter;
- Note that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting; and
- Note that Plan changes will be reported during the year

44 Risk Management - 2018/2019 Quarter 3 Review

Members received a report providing the details of the risk management activity that had taken place in the period from 1st October 2018 to 31st December 2018.

The report highlighted key issues and risks and a summary of risks were contained in the appendix attached to the agenda.

The Committee heard that as part of the Council's Risk Management process, risks were reviewed and monitored on a regular basis to ensure that corporate risks were appropriately and properly identified and assessed going forward.

In addition, the Committee was informed that the Road Risk Management Group continued to meet regularly to consider the risk management arrangements in place for Council fleet drivers and vehicles and that continual liaison with Zurich Municipal regarding risk support was a part of the current long term insurance agreement, with the next meeting scheduled to take place after Easter, to discuss Health & Safety and Property issues. It was noted that resolution of these issues would be reported back at the next meeting of Audit & Governance Committee.

RESOLVED – That the Committee:

- Note the risk management activity that has occurred during the period
- Discuss, review and challenge the progress made on the Corporate Risk Register as at the end of Quarter 3 2018/19

Signed:

Date:

Chair of the meeting
at which the minutes were confirmed