



Minutes of the meeting of the AUDIT COMMITTEE held on TUESDAY 29 MARCH 2016 at 7.00 pm

Present: Councillor McDonald (Chair)
Councillors Cannon (Liberal Democrat Group Spokesperson),
Ganatra, Hosking, and Wilson

Independent Members: Mr I Farookhi and Ms B Cole

Officers: T Hannam (Corporate Director Resources), D Wilkinson (Assistant Director Audit and Risk), S Gerrard (Interim Service Director Legal and Democratic Services), P Strangward (Audit Services Manager) J Pettitt (Head of Risk and Insurance) and D Imbimbo (Committee Manager).

Also Present: Mr N Harris (Executive Director, Ernst and Young) and Councillor and Bint

Apologies: Councillors Bradburn and White

AC35 CHAIRS WELCOME

The Chair Welcomed Members and Officers.

AC36 MINUTES

It was noted that no 'confidential' minutes had been produced in respect of the discussion had in respect of the Asbestos Contract (AC34).

Mr Farookhi expressed concern that the 'public' minute failed to capture detail of the matters raised. The Chair told the Committee that he had raised this matter and would ensure that a note of the concerns raised would be made available.

The Interim Service Director Legal and Democratic Services confirmed that in future a minute or note of a discussion in respect of a confidential item will be made.

RESOLVED –

1. That the Minutes of the meeting of the Audit Committee held on 26 January 2016 be approved and signed by the Chair as a correct record.
2. That future Items taken under Part 2 of the Local Government Act be recorded.

3. That a note of matters raised under AC34 be circulated under a confidential heading following an initial view of the draft by the Chair and Spokespersons.

AC37

DECISION TRACKER

The Committee reviewed actions on the decision tracker;

- AC17 Action completed since publication of the agenda
- AC21 Meetings planned for early April, to test that lessons learnt have been dissimilated throughout the Council
- AC28 Action 1 circulated since publication of the agenda, other actions are on target for completion
- AC29 On target for completion in June
- AC30 To be completed in April 2016
- AC31 Being presented at this meeting
- AC32 Delegated Decision scheduled for 12 April 2016 to complete this action
- AC34 Action 1. Referring to Minute target date should read June 2016. Action 2. A Draft report has been prepared and is being reviewed, to be scheduled for June 2016 meeting of the Committee.

Members of the Committee noted that in respect of AC34 confidential papers had been made available to the media following the meeting. The Assistant Director Audit and Risk told the Committee that he was unaware the detail in the press included any confidential detail only reference to such information and therefore at the present time no formal investigation had been undertaken.

The Interim Service Director Legal and Democratic Services told the Committee that he had asked the Group Leaders to remind their colleagues that documents marked confidential must be treated as such at all times.

Members of the Committee commented that it ought not to be presumed information had been passed to the media by Councillors and could have been from Officers of the Council asked that consideration be given to conducting a review of how confidential information should be dealt with and shared.

Ms Cole asked for confirmation that in respect of action AC23 the Terms of Reference would clearly differentiate the functions of the Fraud Section and Internal Audit, the Assistant Director Audit and Risk confirmed this would be the case and assurances would be forthcoming from the Annual Governance Statement.

Councillor Bint made comment in respect of Action AC21 stating that the answers he received in respect of money made available for the cyclo-cross had caused him to hold concerns in respect of how

officers handled budgets that had been approved by a Cabinet Member and that he would be raising this matter when the item was taken back to the Audit Committee in June. The Assistant Director Audit and Risk told Councillor Bint that if he had further questions he was welcome to make them known to him and he would seek to have answers provided.

Councillor Bint further stated that he was disappointed that the responses to his questions under AC28 had not been available in time for this meeting. The Assistant Director Audit and Risk confirmed that the information had not been available at the time the agenda was published and the target date sought to ensure that answers were provided as soon as reasonably practicable and was based on advice from Colleagues who estimated the time it would take to collate the data requested. The Chair stated that he would hope that where questions were raised at one meeting the answers should be made available at the next.

RESOLVED –

1. That the updates be noted.
2. That a review be conducted in respect of how confidential papers are handled and to whom they are circulated, to include distribution procedures and collection.
3. That in future where an answer was not available at one meeting it be provided at the following meeting.

AC38 DISCLOSURE OF INTERESTS

No disclosures were made.

AC39 INTERNAL AUDIT PROGRESS UPDATE

The Committee considered a report in respect of Internal Audit Plan

The Assistant Director Audit and Risk told the Committee that the papers set out the current position, it was reported that temporary resources had been engaged to ensure that the plan was delivered.

Four requests had been received to delay Audits these were detailed in the report. The Assistant Director Audit and Risk told the Committee he was satisfied 3 were reasonable operational reasons and these would be deferred into the 2016/17 plan and conducted early in the year. The fourth, in respect of Financial Management, was to be delayed pending the introduction of new systems.

The Assistant Director Audit and Risk told the Committee that in respect of the Road safety audit a follow up had found that there remained 7 actions (out of 12) that had not been implemented and therefore the audit opinion was 'Limited Assurance', and as such it was recommended that in line with the Committees previous actions, a member of the Road safety Management Team be asked to attend the next meeting of the Committee to give an explanation of actions undertaken to improve the rating.

It was further noted that in accordance with the wishes of the Committee all future Audit reports will include a section whereby control issues that would benefit from wider dissemination are included in the report.

Councillor Wilson stated that he had concerns in respect of the limited assurances given in respect of Consultants and Agency Staff audits. The Corporate Director Resources, told the Committee that reason for the 'Limited' opinion in respect of Consultants was in respect of tax implications which had been discussed at the last meeting of the Committee and controls were now in place in that respect, and in respect of temporary and agency staff this related to issues with the contract that had now been resolved.

The Chair asked that the External Auditors provide information in respect of specifically what is checked in the Financial Statements provided by the Council and to what level the checking is conducted. The representative of Ernst and Young confirmed that this would be possible and suggested the most appropriate time would be when the audited accounts were provided.

The Chair proposed that the revisions to the audit plan as detailed in the Committee report be agreed and that a Member of the Road Safety Management Team be invited to attend the next meeting of the Committee. This was agreed by acclamation.

RESOLVED –

1. That the report be noted,
2. That the revisions as detailed in the Committee report be agreed,
3. That a Member of the Road Safety Management Team be invited to attend the next meeting of the Committee to give assurances that actions had been undertaken to improve the audit opinion.
4. That copies of the 'Consultants' and 'Temporary Staff' Audit reports be sent to Councillor Wilson
5. That the External Auditors provide detail of the degree of testing and examination of the Financial Statements provided by the Council.

AC40

2016 – 2017 AUDIT PLAN

The Committee considered a report in respect of the 2016 – 2017 Audit Plan.

The Assistant Director Audit and Risk told the Committee that the Plan was being presented to the Committee for its approval, also provided was the Internal Audit Strategy and Charter, which had no changes other than to individuals titles where relevant.

The Assistant Director Audit and Risk explained the new format of the report and the annexes which mapped the Audit Plan against the Strategic risks faced by the organisation, this should provide greater visibility of the assurances provided in respect of the Strategic Risks as identified and agreed with the Corporate leadership team. This would allow progress updates to include a RAG rating against those risks.

It was noted that there would be a need to recognise where the Council was working in partnership in several operational areas and this needed to be coordinated with any other internal audit services.

The Assistant Director Audit and Risk told the Committee that discussions were undertaken between senior officers leading partnerships to determine what audit scope was required.

The Committee asked that the Assistant Director Audit and Risk consider conducting Audits of service areas from a 'Top-Down' perspective particularly where there were significant demands on budgets. And the heightened profile of 'Change management pressures. The AD Audit & Risk agreed to research the scope of current partnerships and include these issues within proposals to revise the audit plan within its quarterly reviews as appropriate.

RESOLVED –

1. That the 2016 – 17 Audit Plan be approve.
2. That it be noted that there were no changes to the Audit Strategy or Charter.
3. That the Assistant Director Audit and Risk include change management and partnership work including more 'top down' audit approaches within the quarterly plan review cycle.

AC41

RISK MANAGEMENT UPDATE

The Committee considered a report in respect of Risk Management. The Head of Risk and Insurance told the Committee that the Risk Management and Strategy Policy had been seen by the Corporate Leadership team in October 2015 following comments having been made by the Audit Committee.

There remains flexibility in the policy to accommodate the needs of the various Service Directors.

The Committee heard that the GRACE system had a large volume of data input which demonstrated how well risk management had become embedded within the Council as a whole, work was now being undertaken to focus on what were the real risks and what opportunities existed.

Members of the Committee asked that in future some of the terminology used within the Strategy be clearer as there were terms that did not necessarily make clear what was proposed and was open to interpretation.

A discussion was had in respect of how to simplify and manage the data within GRACE thereby ensuring that risk was easily identified.

RESOLVED –

1. That the Report be noted,
2. That the Strategy be noted.

AC42

ANNUAL GOVERNANCE STATEMENT (AGS) UPDATE

The Committee considered a report in respect of the Annual Governance Statement.

The Assistant Director Audit and Risk told the Committee that of the 8 Actions identified 3 had been completed.

The Committee heard that in respect of those outstanding the reasons for the delays were detailed in Annex A of the Committee report.

Members of the Committee recognised the shift in management style resulting from Partnership working and that the Human Resources (HR) perspective would see a move from a culture of directly running services to one of influencing, negotiating, commissioning and monitoring and asked what assurances the Audit Committee could be given that HR was in fact moving in that direction and that HR practice, training, recruitment and development was happening in accordance with that shift?

The Corporate Director Resources told the Committee that work was ongoing which had seen improvements however the Committee may benefit from a presentation from the Head of HR to explain the measures being taken.

RESOLVED –

1. That the report be noted
2. That the Head of Human Resources be invited to give a presentation in respect of changes being made to work in partnership.

AC43

EXTERNAL AUDIT

The Committee heard from the representative of the External Auditors who presented the External Audit Plan for 2015 – 2016.

The Committee heard an explanation of the procedures undertaken to draw the Audit Opinions. The Committee was told that in respect of the Financial Statement a number of Risks had been identified, these included;

- Property Asset Valuations,
- Fraud in Revenue Recognition,
- The risk of Management Override.

- The Better care fund accounting and governance, and,
- Related Party Transactions.

The approach taken by the External Auditors was explained and is set out in the Committee report.

In respect of the 'Value for Money Risks, the Committee heard that a briefing note had been circulated setting out the value for money conclusion assessment.

It was noted that the external auditors had been directed to emphasise the examination of value for money, and an explanation of the criteria upon which an assessment was made is detailed in the report.

The Committee heard that as a result of the application of the criteria two main areas had been identified to base the value for money conclusion on, these were;

- How the Council was responding to the medium term financial position and the budget gaps it faced, and,
- The decision making processes for the transfer of support services to LGSS

The Final opinion would be reported to the Committee in September 2016.

RESOLVED –

That the report be noted.

THE CHAIR CLOSED THE MEETING AT 8:50 PM