

AUDIT COMMITTEE

3 December 2013

Attendance:

Councillors:

Banister (Chairman) (P)

Berry J (P)
Byrnes (P)
Cutler (P)
Mather (P)

Power (P)
Stallard (P)
Verney (P)
Weir (P)

Others in attendance:

Councillor Godfrey - Portfolio Holder for Finance and Organisational Development.

1. **MINUTES**

RESOLVED:

That the minutes of the previous meeting held on 24 September 2013 be approved and adopted.

2. **PUBLIC PARTICIPATION**

There were no questions asked or statements made.

3. **INTERNAL AUDIT PROGRESS REPORT**

(Report AUD075 refers)

The Chairman welcomed to the meeting Mr Harvey from the Southern Internal Audit Partnership who presented this item.

In reply to questions from members of the Committee, Mr. Harvey explained that the outstanding actions relating to audit reports in respect of cash collection were included within the audit action plan, but none of these were of a high risk. The audits would take place in the New Year as traditionally audits of Financial Systems (including cash collection) took place in quarters three and four.

Mr. Harvey continued that the audit plan rolling work programme was on target to be delivered. He also explained that if actions to mitigate identified high risks were not implemented by management, then the matter could be referred to the Audit Committee for consideration.

In agreeing the report, the Committee also requested that future reports include an indicative date of which quarter the audit would take place in order to provide added clarity.

RESOLVED:

That the Internal Audit Progress Report (November 2013), attached as an Appendix to the report, be noted.

4. **ANNUAL AUDIT LETTER 2012/13**
(Report AUD076 refers)

The Chairman welcomed to the meeting Mrs K Handy and Mr M Bowers from Ernst and Young, the Council's external auditors.

Attention was drawn to the Whole of Government Accounts (paragraph 2.4 of the report refers). Audit work had been reduced in this area as it was now only necessary to report on pensions and assets to the National Audit Office. In all aspects the accounts were unqualified with no issues to report.

The Committee and the Chief Executive recorded their appreciation and thanks to the Chief Finance Officer and the Finance Team for the positive Annual Audit Letter.

RESOLVED:

That the acceptance of the Annual Audit Letter be confirmed.

5. **AUDIT COMMISSION CONSULTATION ON 2014/15 WORK PROGRAMME AND SCALES OF FEES**
(Report AUD072 Refers)

RESOLVED:

That the work and fee proposals detailed in the Audit Commission's Proposed Work Programme and Scales of Fees 2014/15 consultation document be noted.

6. **ANNUAL GOVERNANCE STATEMENT AND CORPORATE RISK MONITORING REPORT**
(Report AUD074 refers)

In reply to Members' questions, the Chief Executive stated that in respect of Council landholdings, such as car parks, there were risks surrounding managing the assets properly so that they did not fall into disrepair and that there were also risks in developing sites which may be controversial. The Estates Team surveyed the larger assets for their maintenance needs and, for controversial developments, varying views on the future of the sites needed to be reconciled. A function of the Corporate Management Team was to monitor

staffing resources to ensure there was sufficient capacity to deliver within these key areas. For example, the Personnel Committee meeting held on 25 November 2013 had approved additional staff for the Estates Team.

It was also explained that risks associated with the Housing Revenue Account were part of the Risk Register, which was reviewed annually.

In respect of managing future debt, principally arising from Housing Finance Reform, the Chief Finance Officer had requested the Council's treasury management consultants to undertake a forward look at the Council's debt management options.

Following debate, the Committee requested that it be noted that it had concerns regarding the delivery of competing priorities, and that it had the confidence that they were being managed, but the Committee were aware of the risks that were associated with capacity. It was also requested that the officers give further consideration to the report's presentation style to improve its clarity.

RESOLVED:

That no matters be raised with the relevant Portfolio Holder and no items of significance be drawn to the attention of Cabinet.

7. TREASURY MANAGEMENT MID-YEAR REVIEW (2013/14)
(Report AUD073 refers)

The above Report had not been notified for inclusion on the agenda within the statutory deadline. The Chairman agreed to accept the item onto the agenda, as a matter requiring urgent consideration, due to the need to receive the Mid-Year Review.

RESOLVED:

1. That the Treasury Management Mid-Year Monitoring Report for 2013/14 be approved, and;
2. That the updated Prudential Indicators provided at Appendix A to the report be approved.

8. AUDIT COMMITTEE SELF ASSESSMENT REVIEW 2013
(Report AUD077 refers)

In introducing the report, the Chief Finance Officer referred to paragraph 3.1 of the Improvement Plan stating that the comments should read that the Chair of the Audit Committee should meet regularly with the Chair of The Overview and Scrutiny Committee.

In respect of paragraph 2.7 of the Assessment, and the question of whether the Audit Committee ensured that the actions to counter fraud and corruption

were being implemented, the Chief Operating Officer and the Chief Executive explained that Cabinet had the responsibility for risk management and that integration between committees was achieved. Internal audit also had a programme to keep internal control under review and could undertake special investigations as required.

It was noted that in respect of paragraph 5.2, the Audit Committee did not hold periodic private discussions with the external auditor. Following discussion and comments by Mrs K Handy from Ernst and Young, the Council's external auditors, it was agreed that once per annum, or more frequently as required, the Audit Committee could meet in private with the external auditors after the conclusion of an Audit Committee meeting.

The Committee considered the Improvement Plan and discussed a timetable for implementation. It was noted that the meeting of the Audit Committee chair with The Overview and Scrutiny Committee chair could be implemented immediately; that the training plan and review for wider/further training provision could be undertaken during Member induction at the start of the new Municipal Year and that the review of membership of the Committee (including independent, Co-Opted members) be deferred until the new national framework was implemented, which could be possibly two years in the future.

RESOLVED:

1. That the CIPFA self-assessment template and conclusion be noted.
2. That the improvement responses set out in paragraph 3.1 of the report be approved.

The meeting commenced at 6.30pm and concluded at 7.45pm

Chairman