

AUDIT COMMITTEE

7 December 2017

Attendance:

Councillors:

Cutler (P)

Burns
Huxstep (P)
Prince (P)

Stallard (P)
Thacker
Weir (P)

Others in attendance:

Councillor Horrill – Leader with Portfolio for Housing Services

1. **DISCLOSURES OF INTERESTS**

Councillors Huxstep and Stallard both declared a disclosable pecuniary interest in respect of items under consideration which may have a Hampshire County Council involvement due to their roles as County Councillors. However, as there was no material conflict of interest regarding these items, they had a dispensation granted on behalf of the Standards Committee to participate and vote in all matters which might have a County Council involvement.

2. **MINUTES**

RESOLVED:

That the minutes of the previous meeting held on 28 September 2017 be approved and adopted.

3. **GOVERNANCE SUMMARY REPORT – QUARTER 2 (2017/18)**

(Report AUD199 refers)

The Strategic Director: Resources introduced the Report and added that the External Audit opinion on the Housing Benefit claim was qualified with no financial impact for the Council and that a report on this topic would be submitted to the March 2018 meeting of the Committee. It was also mentioned that Appendix 1 to the report (Annual Governance Statement 2016/17 Action Plan) contained amber status indicators for a variety of items that the Committee discussed further.

Members requested that future reports also include revised target action dates where appropriate for management actions and that the title of the responsible lead officers be updated following recent management changes.

Mr Harvey and Mrs Jerams from the Southern Internal Audit Partnership were in attendance and presented Appendix 2 – Internal Audit Progress Report November 2017. Mr Harvey stated all the planned audits for the remainder of the year were now at scoping stage which gave assurance that all audits would be completed before 31 March 2018. As mentioned by the Strategic Director: Resources, the recent audit covering Working in Partnership was given limited assurance.

The Committee discussed the overdue action related to the Contract Management 2016/17 Audit concerning the Joint Environmental Services Contract and revised procedures to scrutinise invoices. The Strategic Director: Resources explained the actions that had been taken to date in conjunction with East Hampshire District Council's Finance Department to progress this matter. Members offered their support to bring these matters to a resolution and agreed to put on record their dissatisfaction with the lack of cooperation from a partnership council and that this be brought to the attention of East Hampshire District Council.

Mrs Thompson from Ernst and Young was present at the meeting and commented that the External Audit report on Housing Benefit was not an audit but was an assurance in a complex area following a series of tests and it was not unusual for a qualification letter to be issued for this area of work.

The Committee requested that the Strategic Director: Resources bring to the attention of Councillor Ashton – Portfolio Holder for Finance the comments of this Committee on this Report.

RESOLVED:

1. That the content of the report and the progress against the Annual Governance Statement Action Plan in Appendix 1 and Internal Audit Progress report included in Appendix 2 be noted.
 2. That the dissatisfaction of the Committee with the lack of cooperation from a partnership council over the Joint Environmental Services Contract and the revised procedures to scrutinise invoices be brought to the attention of East Hampshire District Council.
 3. That the comments of the Committee be raised with the Portfolio Holder for Finance and that no items of significance be drawn to the attention of Cabinet.
4. **FINANCIAL ACCOUNTS CLOSEDOWN 2017 - 2018**
(Report AUD198 refers)

In reply to Members' questions, the Finance Manager stated that a possible risk to the Financial Accounts closedown was the cumulative effect of small slippages in the completion of tasks. This was often as a result of not obtaining information from departments across the Council which reinforced the importance of the accounts being seen as a corporate objective, not just a task for Finance. This risk was recognised, and there was a project timetable

which had been developed with colleagues in order that the deadlines were known in advance. There would also be briefings to senior managers and the Council's Management Team to ensure that timetables were kept to.

Mrs Thompson from Ernst and Young was present at the meeting and commented that the report was helpful. Ernst and Young had held workshops for clients, including Winchester City Council, to assist in joint working to achieve the new timescales. There was a challenge to Ernst and Young in meeting its own timetables for its various council clients and it would therefore need to be disciplined on timetables and also provide a management judgement so that complaint councils were not disadvantaged by other Councils not keeping to the timetable. The key would be good communications.

RESOLVED:

That the Report be noted.

5. **ANNUAL AUDIT LETTER 2016/17**
(Report AUD200 refers)

Mrs Thompson from Ernst and Young was present at the meeting and presented the Report.

Mrs Thompson stated that a report on the Housing Benefit Claim would be reported to the next meeting of the Committee.

It was commented that the open working relationship with Council staff and Ernst and Young was welcomed and asked that her thanks to Council staff be recorded.

RESOLVED:

1. That the contents of the Annual Audit Letter 2016/17 be noted and no matters be raised with the External Auditors.

2. That the Annual Audit Letter 2016/17 be accepted.

6. **CORPORATE PEER REVIEW 2017**
(Report AUD201 refers)

Councillor Horrill – Leader with Portfolio for Housing Services was present for consideration of this item.

The Strategic Director: Resources stated that as part of the Internal Audit Plan, the Southern Internal Audit Partnership had been requested to consider the outstanding nine actions of the Peer Review and to give an opinion as to whether the actions taken by the Council were a fair and correct assessment. This was in parallel to the work carried out by the Informal Policy Group on Silver Hill. A report on Internal Audit's work would be submitted to the next meeting of this Committee.

Of the outstanding actions, the principal slippage had been in the review of the Constitution, but this was largely due to the task having been extended into a comprehensive review, which would add value in the long term. Progress against other actions had been reported to Cabinet as part of the monitoring arrangements.

There would be a follow-up to the Peer Review in June 2018 which would check on the progress that had made and would also look at forward challenges.

In reply to Members' questions, the Strategic Director: Resources stated that the report to this Committee in March 2018 would include milestones and deadlines for each of the actions. Progress against the actions would also be monitored by Internal Audit.

RESOLVED:

That the detail in the action plan in Appendix 1 to the Report be noted and that the Leader and Portfolio Holder for Housing Services notes the comments of the Committee.

The meeting commenced at 6.30pm and concluded at 7.30pm.

Chairman