

## **AUDIT COMMITTEE**

**31 July 2018**

Attendance:

Councillors  
Cutler (Chairman)

Bentote  
Burns  
Mather

Power  
Prince  
Stallard

Apologies for Absence:

Councillor Huxstep

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### 1. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED:

That the minutes of the previous meeting held on 31 May 2018 be approved and adopted.

### 2. **CHAIRMAN'S ANNOUNCEMENTS**

Following a brief discussion, the Committee agreed to recommend to Council that the Audit (Governance) Sub Committee be discontinued as its business could be transacted by the Audit Committee itself.

**RECOMMENDED:**

**THAT THE AUDIT (GOVERNANCE) SUB COMMITTEE BE DISCONTINUED.**

### 3. **GOVERNANCE QUARTERLY UPDATE - QUARTER 1 2018/19** (AUD214)

Mrs Jerams and Mr Harvey from the Southern Internal Audit Partnership presented this item.

In reply to Members' questions, the Corporate Business Manager stated that a chart showing the period of time that some outstanding audit management actions were overdue would be included in future Reports and Mr Harvey gave details of how the Southern Internal Audit Partnership resourced reactive and proactive fraud governance.

RESOLVED:

That the content of the report and the progress against the Internal Audit Plan as set out in Appendix 1 be noted.

4. **RISK MANAGEMENT POLICY 2018**  
(AUD219)

Members asked questions and made comments about risk and the impact of slippage in the Council's capital programme; it was also commented that the review of governance was ongoing; that the contracts register was not up to date and questions were asked on the correlation between the Corporate Risk Register and the Financial Risk Register. A number of Members were also interested in how risks were managed in major projects and the cumulative effect on risk of having a number of major projects in progress at the same time.

Following debate, it was agreed that an item be included on the next Committee Agenda to cover managing risks in major projects and how assurance could be given.

RESOLVED:

That Risk Management Policy 2018, the Risk Appetite Statement and the Corporate Risk Register for 2018/19 be noted.

5. **ANNUAL FRAUD REPORT 2017-18**  
(AUD215)

Mr Harvey from the Southern Internal Audit Partnership presented this item and answered questions from Members on the six reported incidents of fraud and irregularity that had required reactive fraud work.

RESOLVED:

That the Chief Internal Auditor's Annual Fraud Report 2017-18, attached as Appendix 1 to the Report, be noted.

6. **ANNUAL GOVERNANCE STATEMENT 2017/18**  
(AUD216)

RESOLVED:

1. That the Annual Governance Statement for 2017/18 as set out in Appendix 1 be approved.

2. That the issues arising and proposed actions identified in Appendix 1 be noted and that progress against the actions be brought back to the Audit Committee in six months time.

7. **AUDIT RESULTS REPORT FOR THE YEAR ENDED 31 MARCH 2018**  
(AUD217)

The Committee noted that the Report had not been notified for inclusion within the statutory deadline. The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration to enable the consideration of the Report in order to approve the letter of representation in order that the Annual Financial Report could be published within the statutory deadline.

The Corporate Director: Resources informed the meeting of a consultation exercise that was taking place in response to a CIPFA initiative to highlight where councils might be experiencing financial stress. Under the initiative CIPFA would consider the Council against six indicators. He stated that the initiative may result in an overly simplistic analysis of the Council's financial resilience and there was a risk of unintended consequences through some of the proposed measures. The idea of further Value for Money assessment was supported. Following discussion, the Committee supported the Corporate Director: Resources to make representations as outlined above.

Mr Mathers from Ernst and Young, the Council's external auditors, presented the preliminary audit conclusions in relation to the audit for 2017/18. He stated that all audit work was complete and that EY would be giving an unqualified audit opinion on the financial statements and he thanked the Council's Finance Team for their work.

Mr Mathers answered questions from the Committee on the depreciation charge for council dwellings; how matters of concern were monitored and the financial resilience of the Council in funding numerous major projects. Further questions were raised regarding contract management (including the Leisure Centre) and the capacity of Ernst and Young to meet publishing deadlines when it was the client for a number of councils.

Following debate, it was agreed that consideration be given to bringing forward the July meeting of the Audit Committee in future years by a few days to give more time for the auditors to sign their report and for the Annual Financial Report to be published.

RESOLVED:

That the Letter of Representation in the Auditor's Report (appendix 1) be approved.

8. **ANNUAL FINANCIAL REPORT**  
(AUD218)

The Finance Manager presented the Annual Financial Report for the year ended 31 March 2018 to the Committee. It was noted that an enquiry from a Member on the movement of a balance from a debtor to a creditor had been clarified outside of the meeting.

RESOLVED:

1. That the Statement of Accounts 2017/18 as set out in Appendix 1 be approved.

2. That the Chairman of the Committee signs the Statement of Responsibilities on page 10 of Appendix 1 to certify the accounts and authorise their issue.

The meeting commenced at 6.30 pm and concluded at 8.30 pm

Chairman