

AUDIT COMMITTEE

TUESDAY, 15 NOVEMBER 2016

PRESENT:- Councillors Steve Weisinger (Chair), Malcolm Davies, Mary Friend, Nick Martin, Des Moffatt, Kevin Small and Chris Watts

25. Declarations of Interest

The Chair reminded members of the need to declare known interests in any matters to be considered at the meeting. No declarations were made.

26. Public Question Time

There were no public questions.

27. Minutes

Resolved - That the minutes of the meeting held on 15th September 2016 be confirmed and signed.

28. Corporate Risk Management Update

The Committee received a summary report of risk management activity in the Council, including the most recently updated Corporate Risk Register for members' inspection. It was noted that it was a function of the Audit Committee to provide independent assurance to the Council on the effectiveness of the Council's risk management, internal control and its overall assurance framework and that this report summarised the areas that the Committee might wish to consider in gathering this assurance.

The Head of People, Performance and Engagement, with the Corporate Planning Lead Resources, introduced the report, providing an overview of the work done in support of the Council's Risk Management processes and to integrate and align these with the Council's performance management arrangements and changes made to the corporate risk management process and the Corporate Risk Register at the specific request of the Audit Committee.

The Corporate Planning Lead took members through the detail of the report, expanding on the main key risk areas identified in the Corporate Risk Register, attached to the report at Appendix 1, and the respective causes, impacts and mitigating actions to reduce likelihood for each of the major identified risk areas.

Resolved – (1) That the report be noted and that its conclusions around the effectiveness of the Council's Risk Management, Internal Control and overall assurance framework be endorsed.

(2) That the adjustments to the corporate risk management process and changes to the Corporate Risk Register as a result of input from the Audit Committee, as reflected in the revised report format and presentation, be also endorsed.

(3) That the officers be thanked for attending the meeting and for their full and open responses to members' questions and observations on matters relating to the

Council's Corporate Risk Management Strategy and specific issues relating to the key risk areas identified in the Corporate Risk Register.

29. External Audit Reports

(i) The Annual Audit Letter

The Committee received the External Auditors' Annual Audit letter. It was noted that it was the intention that the Letter should communicate the key messages of the Audit Findings report, considered by the Committee at its last meeting, to the Council and to external stakeholders, including members of the public.

Chris Hackett, the External Auditors' Audit Manager for the Council, introduced the report, summarising the key findings arising from their work at the Council for the year ended 31 March 2016, as reported in detail to the last meeting of the Audit Committee in the Audit Findings report. Mr Hackett made particular reference to the External Auditors' ongoing joint work with Council officers to address the major changes pending in relation to local authority accounting requirements in 2016/17 with regard to the inclusion in the accounts of additional information on the cost of the Council's Highways assets and the requirement, in 2017/18, for accounts to be prepared by 31 May with the audit to be completed by 31st July.

Resolved – (1) That the report be noted.

(2) That ongoing joint work by the External Auditors and Council officers to address major local authority accounting requirements changes be also noted and that the officers report to a future meeting on the specific measures and process changes to be introduced to meet the requirement to include additional information on the cost of the Council's Highways assets and how this information might be presented to the Audit Committee in a format that is meaningful and of value to members.

(ii) Update

Chris Hackett (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at 1st November 2016, in respect of the delivery of their audit responsibilities. .

The Update report also included a summary of key emerging national issues and developments that might be of interest to the Committee.

Resolved – That the update report and the summary of key emerging national issues and developments be noted.

30. Mid-Year Treasury Performance 2016-17

The Committee received a joint report of the Cabinet Member for Finance and Corporate Services and the Interim Corporate Director, Resources, setting out the mid-year Treasury Management performance for 2016/17 and proposals for amendments to the Councils Minimum Revenue Policy.

Resolved – That the mid-year Treasury Management performance and the proposed changes to the Council's Minimum Revenue Provision Policy be noted.

Councillors Moffatt and Watts asked that their concerns regarding aspects of the

proposed changes to the Council's Minimum Revenue Provision Policy to make provision for the repayment of borrowing liabilities be recorded in the minutes.

31. Internal Audit report - Treasury Management

The Committee received a report of the Head of Internal Audit on the key findings of the Annual Internal Audit of the Council's Treasury Management process. It was noted that the audit had found the internal control arrangements to be of a high standard resulting in only a moderate risk to the Council.

Resolved – That the report be noted.

32. Internal Audit Charter

The Committee received a report of the Head of Internal Audit inviting members to review and approve the Council's Internal Audit Charter. It was noted that the Audit Charter was a requirement of the Public Sector Internal Audit Standards (PSIAS), which standards provided the mandatory guidance that constituted the principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for the evaluation of the effectiveness of Internal Audit's performance.

Resolved – That the Internal Audit Charter, appended to the report, be approved.

33. Changes to arrangements for appointment of an External Auditor

The Committee received a report of the Head of Internal Audit summarising the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

The report also sets out the various options the Council has with regard to appointing and putting in place new arrangements in time to make a first appointment by 31 December 2017.

Resolved – That Cabinet be recommended that Council be asked to agree the appointment of an External Auditor through the national sector led body, Public Sector Audit Appointments Ltd.

34. Head of Internal Audit Update

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee meeting in September 2016, progress made against the Annual Internal Audit Plan 2016/17 and Internal Audit staffing and resource issues.

Resolved – (1) That the report be noted.

(2) That the "Contract Management Review - Delivery of the Housing Capital Programme" Audit review report and management response be submitted to the next scheduled meeting of the Committee.