

AUDIT COMMITTEE

TUESDAY, 5 JUNE 2018

PRESENT:- Councillors Steve Weisinger (Chair), Nick Martin, Des Moffatt and Rahul Tarar

Apologies for absence were received from Councillors John Ballman, Kevin Small and Roger Smith.

Also in attendance: Councillor Dale Heenan

1. Appointment of Vice-Chair

Resolved – That Councillor Nick Martin be appointed Vice-Chair of the Committee for the Municipal Year 2018/19

2. 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.

3. Public Question Time

There were no public questions

4. Exempt Items - Exclusion of Press and Public

Resolved - That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the item listed below on the grounds that it involves the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

<u>Item No.</u>	<u>Paragraph No.</u>	<u>Minute No.</u>
13	3	12

5. Minutes

Resolved - (1) That the minutes of the meeting held on 20th March 2018, be confirmed and signed.

(2) The Chair introduced Steve Johnson, the Council's new external auditor from Grant Thornton.

6. Treasury Management Performance 2017/18

The Committee received a report of the Director of Finance (Section 151 Officer), setting out the Treasury Management performance for 2017/18. Ian

Burbidge, Head of Finance (Technical) presented the report and responded to a series of questions from Councillor Moffatt regarding the Housing Revenue Account.

Resolved – That the 2017/18 Treasury Management performance, as detailed at paragraphs 3.1 to 3.17 of the report, and the Prudential Indicators shown at Appendix 1 to the report, be noted.

7. Internal Audit report: Compliance with Contract Standing Orders

In accordance with its established practice of considering at least one individual audit report at each meeting, the Committee received a report on the outcomes and key findings on the Internal Audit Review intended to provide assurance to the Director of Law and Democratic Services that the Council's Contract Standing Orders are being complied with and that the Council is not at risk of legal challenge or a breach of the EU Procurement Regulations.

It was noted that, in conducting the review, Internal Audit had carried out a review of a sample of payments made through the Council's finance system to ensure that they were in compliance with Contract Standing Orders, which document, included in the Council's Constitution, sets out the requirements, including the EU Procurement Regulations that must be upheld to ensure that the Council's procurement arrangements are legal.

It was noted that the review, finalised in January 2018, had identified an "Of Concern" level of risk.

Nick Hobbs, the Council's Head of Internal Audit, was in attendance to provide a current position statement in relation to the implementation of the internal audit recommendations and also responded to questions put by Councillors Moffatt, Weisinger, Heenan, Martin and Tarar on issues raised, including.

- The high level of non-compliance with Contract Standing Orders
- The lack of an IT system to adequately enforce procurement with Contract Standing Orders
- The outline business case to be considered by Cabinet for the implementation of an IT system to replace the Council's Finance and HR system.

Resolved – (1) That the report and the Internal Audit Review of Compliance with Contract Standing Orders, attached at Appendix 1 to the report, be noted.

(2) That a follow-up full audit of Compliance with Contract Standing Orders be carried out in 6-8 months' time.

(3) That a Task Group be set up comprising of the Chair and Councillors Martin and Tarar to consider the actions recommended in the report.

8. Audit Committee: Annual Report 2017/18

The Chair introduced the Committee's Annual Report setting out the role of the Committee and the work it had undertaken during 2017/18. .

Resolved – That the report be noted

9. Head of Internal Audit Annual Report

The Committee received the Head of Internal Audit's Annual Report for 2017/18. It was noted that it was a requirement of the Public Sector Internal Audit Standards that the Head of Internal Audit deliver an annual internal audit opinion and report that could be used by the organisation to inform its governance statement and that the annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation. The Annual Report provided the Committee with assurance from the Head of Internal Audit regarding the work of the Internal Audit section and his opinion with regard to the Council's overall arrangements for internal control.

Resolved – That the report and, in particular, the Head of Internal Audit's overall opinion that the Council's internal control arrangements relating to its main financial systems during 2017/18 were found to be satisfactory, resulting in an overall risk assessment to the Council as being 'moderate' be noted.

10. Draft Annual Governance Statement

The Head of Internal Audit submitted a report providing the Committee with details of the draft Annual Governance Statement 2017/18, setting out the Council's governance arrangements and providing an assessment of the performance of those arrangements over the year.

Resolved – (1) That the draft Annual Governance Statement 2017/18, appended to the report, be approved.

(2) That it be noted that the final version of the Annual Governance Statement will be signed off by the Leader of the Council and the Interim Chief Executive.

11. 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 in March 2018, progress made against the Annual Internal Audit Plan 2018/19 and Internal Audit staffing and resource issues.

Resolved – (1) That the report be noted.

(2) That it be noted that an Internal Audit review concerning premises management would be considered at the next meeting.

12. Outcome of the meeting of the Shareholder Panel to provide oversight of Council-owned Companies CMAG

The Committee received a report of the Director of Law and Democratic Services concerning the outcomes of the Shareholder Panel to provide oversight of Council-owned Companies Cabinet Member Advisory Group (CMAG) and setting out actions that the CMAG Members have requested through the Leader of the Council.

It was noted that the Panel had met in response to a resolution at Audit Committee and a request from the External Auditors (Audit Committee Minute 47, 2016/17

refers).

Resolved – That this Committee:

- (1) Notes the Covering Report, Appendices and summary notes of the Shareholder Panel to prove oversight of Council-owned Companies CMAG attached at Appendices One and Two to the report.
- (2) Notes the follow up actions summarised in the body of the report and set out in detail Appendix Two to the report.
- (3) Notes the future actions set out in the body of the report.
- (4) That the Shareholder Panel consider, at its next meeting, the following issues with respect to the Council's wholly owned companies and that, following this, a report be submitted to the Committee:
 - (a) Return on investment by each company
 - (b) Risk management by each company
 - (c) The profitability of each company