

# Audit Committee Minutes

Date: 25 January 2018

Time: 7.00 - 7.57 pm

**PRESENT:** Councillor M C Appleyard (in the Chair)

Councillors A Lee, Ms C J Oliver, R J Scott and N J B Teesdale, P R Turner

**Also present:** Sue Gill, (External Auditor, Ernst & Young)

## **34 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Hall, Councillor Wilson and Maria Grindley, Ernst & Young.

## **35 MINUTES**

Regarding Minute 30 it was confirmed that the Chairman would write a letter to the Chief Executive of Wycombe District Council.

**RESOLVED:** That the minutes of the meeting held on 16 November 2017 be confirmed as a correct record and signed by the Chairman.

## **36 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **37 CERTIFICATION OF GRANTS AND CLAIMS**

The Committee received the Ernst and Young Certification of Grants and Claims Annual Report 2016-17. It was noted that no recommendations for action had been identified in the report.

The Revenues and Benefits Manager, Andy Green, explained that the 2016/17 audit highlighted the improvements made since the last audit.

The Auditor, Sue Gill, thanked the Housing Benefit team for all their help and cooperation in accessing the information for the audit. It was noted that the information required was imposed by the Department for Work and Pensions and with the support of the team the audit had been positive.

It was noted that the outcome from the audit showed improvement from last year with the value of errors found to be £1,387 (0.003%) out of the total subsidy claim for £46m. The Revenues and Benefits Manager provided an explanation on the

thresholds set by DWP for Local Authority errors and the value of these errors. It was reported that the DWP set the limit at £241,297.

In response to Members queries it was noted that there was random initial testing on cases and if errors were found then more extensive/extended testing was required.

Regarding housing benefit fraud it was reported that from 2013 the DWP were responsible to investigate any suspected fraud. However the District Council were responsible for investigating Council Tax Reduction fraud.

**RESOLVED:** That the EY Certification of Grants and Claims Annual Report 2016-17 be noted.

### **38 ERNST & YOUNG ANNUAL AUDIT PLAN**

The Committee received the EY Annual Audit Plan for 2017/18. It was noted that the two significant risks to the opinion on the financial statement identified (risk of fraud in revenue and expenditure, and risk of management override) were standard risks and considered at all audits. It was reported that there were no particular risks to draw to Members' attention.

In response to a Member query it was reported that the methodology used by the actuary audit firms for pension disclosures was being considered in more detail. It was noted that there were several levels of assurance undertaken in this area.

**RESOLVED:** That the EY Annual Audit Plan for 2017/18 be noted.

### **39 ANNUAL REVIEW OF THE RISK MANAGEMENT POLICY**

The Committee received a report which presented the 2018 Risk Management Policy. The Business Assurance Manager reported that the Policy was now aligned with the refreshed Corporate Plan and noted that the Corporate Governance Group was no longer in place. In respect of the oversight and reporting of the Councils' risk management arrangements this would now reside with senior officers.

In response to a query it was noted that once agreed the Policy would be distributed to senior managers. Also that the risk score matrix applied to Wycombe District Council and had been refreshed along with the Corporate Plan.

Regarding resources to implement the Policy it was reported that work was underway to revise the process for collating both the strategic risk register and service based operational risk registers and recently purchased risk software would be used to hold risk register information.

**RESOLVED:** That the Risk Management Policy 2018 be approved.

### **40 DRAFT AUDIT COMMITTEE ANNUAL REPORT**

The Committee received a report which presented the draft 2017 Annual Report that reflected the work of the Committee during 2017 and provided information regarding the Committee's work programme for 2018.

It was noted that work would be undertaken on the next Annual Report and this was expected to be more streamlined and would provide information on outcomes of work undertaken.

**RESOLVED:** That the draft 2017 Annual Report of the Audit Committee be agreed.

#### **41 TREASURY MANAGEMENT STRATEGY 2018/19**

The Head of Finance and Commercial presented the Treasury Management Strategy for 2018/19.

It was noted that the final version of the Strategy would be presented to Cabinet on 5 February 2018, to recommend to Council for approval.

In response to a query it was reported that work would be undertaken in the near future to look at key Council contracts.

**RESOLVED** that:

- (i) the Treasury Management Strategy Statement and Prudential Indicators for 2018/19, be noted;
- (ii) the draft Annual Investment Strategy (AIS) for 2018/19 at Appendix 1, be noted,
- (iii) the draft Treasury Management Policy Statement, attached at Appendix 1 of the report, be noted,
- (iv) the Head of Finance & Commercial be authorised to update the prudential indicators and the report following completion of work on 2018/19 capital programme.

#### **42 AUDIT COMMITTEE WORK PROGRAMME**

The Audit Committee work programme as appended to the agenda was reviewed by the Committee. The Committee noted that the meeting in March had been cancelled and dates had been amended to reflect the timeline for the delivery of the Statement of Accounts.

As there was currently no provision in the timetable for the mid-year Treasury Management report a date could be amended to allow for this to be considered.

**RESOLVED:** That the work programme be noted.

## **EXCLUSION OF PUBLIC AND PRESS**

**RESOLVED:** That the Press and Public be excluded from the meeting during consideration of the following item as it contains exempt information as defined in Regulation 4(2)(b) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, more particularly as follows:

Minute 43 – Q3 Strategic Risk Register Monitoring Report

Information relating to the financial or business affairs of any particular person (including the authority holding that information (Paragraph 3, Part 1 of schedule 12A, Local Government Act 1972)

[The need to maintain the exemption outweighs the public interest in disclosure because disclosure could prejudice the Council's position in any future tender process or negotiations]

## **43 QUARTER 3 - STRATEGIC RISK REGISTER MONITORING REPORT**

The Committee received a report which provided an update on the Strategic Risk Register for Quarter 3, 2017/18. The Business Assurance Manager provided specific information on various risks and amendments to the register.

The Committee were reminded that risk owners could be invited to attend meetings as required in order to provide information relating to the individual strategic risks that they are responsible for. The Chairman suggested that a Senior Manager be invited to a future meeting regarding Emergency Response Planning.

Also following a discussion the Committee requested that an audit trail be provided as to the decisions taken by the Senior Management Board regarding changes to risks and actions taken with regards to the Strategic Risk Register.

**RESOLVED** that

- i) a senior officer be invited to attend a future Audit Committee meeting regarding Emergency Response Planning,
- ii) Minutes of the Strategic Management Board be produced to inform the Committee on the changes and actions taken regarding the Strategic Risk Register,
- iii) the Strategic Risk Register for Quarter 3 2017/18 be noted.

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Chairman

**The following officers were in attendance at the meeting:**

- Jemma Durkan - Senior Democratic Services Officer
- Mike Howard - Business Assurance Manager
- Andy Green - Revenues and Benefits Service Manager
- David Skinner - Head of Finance & Commercial