

# Audit Committee Minutes

Date: 1 November 2018

Time: 7.00 - 7.34 pm

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

Councillors G C Hall, A Lee, Ms C J Oliver, R J Scott and N J B Teesdale

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

## **30 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Hanif and Councillor R Wilson.

## **31 MINUTES**

**RESOLVED:** That the minutes of the meeting held on 26 July 2018 be confirmed as a correct record and signed by the Chairman.

## **32 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **33 BUSINESS ASSURANCE MANAGER'S HALF YEARLY REPORT**

The Business Assurance Manager, Mike Howard presented his progress update of the Audit, Risk and Fraud Division for the first six months of the 2018/19 financial year.

It was reported that the number of audits that had been undertaken to date was low due to a reduced audit programme and the scheduling of core financial reviews.

It was noted that Mazars had been appointed as the new provider for the Internal Audit Service for 2018/19. This service was almost exclusively outsourced however the Business Assurance Manager would oversee key processes.

A new software package had been produced to provide a better reporting of strategic and operational risks. A review of the strategic risk register had been undertaken to align with the refreshed Corporate Plan.

In response to a query it was noted that risk with regards to procurement contracts were dealt with as per Contract Standing Orders with delegation set out at delegated officer and member levels in line with values and with adequate separation of duties. There was a level of control that has been assessed by

internal audit with no issues to note and procurement contracts were authorised by an appropriate person as per the constitution.

Members noted that there had been an increase in the number of referrals received and investigated regarding Council Tax Reduction fraud. This was in part due to improved information on the Council's website and an increase in referrals from the revenues team.

The Business Assurance Manager reported that a prosecution relating to a false Council Tax Reduction application had been successful. Overpayments had also been identified and three penalties issued equating to £1,310.

Regarding reporting suspected fraud activities Members were informed of the referral process. It was noted that suspected fraud could be reported via the Council's website and the Corporate Investigations team could also be contacted directly. The Business Assurance Manager suggested that a guide on the reporting of suspected fraud would be provided to Councillors.

**RESOLVED:** That the Business Assurance Manager's Half-Yearly Report for the period ending 30 September 2018 be noted.

#### **34 UPDATE ON THE ACTIONS FROM THE ANNUAL ASSURANCE STATEMENT AND LOCAL CODE OF GOVERNANCE**

The Committee received a report on the actions to address the areas for improvement arising from the Annual Assurance Statement and the Local Code of Governance.

It was noted that the Modernising Local Government agenda had an impact on committing resources to some areas for improvement. The Strategic Management Board would confirm when these areas should proceed.

In response to a query it was noted that regarding the capital programme there were officer level governance boards to which some cabinet members attended to help challenge and scrutinise.

**RESOLVED:** That the action taken to address the areas for improvement arising from the Annual Assurance Statement and the adopted Local Code of Governance be noted.

#### **35 UPDATE ON THE STRATEGIC RISK REGISTER**

The Business Assurance Manager provided the Committee with an update on revisions made to the Strategic Risk Register (SRR).

After a review by the Strategic Management Board the number of risks on the SRR had been reduced from twenty to seven. The seven risks would be reported on

with a view for a more focused and actionable SRR with clear accountability. It was noted that the 17 remaining risks would be incorporated into Operational Risk Registers and monitored by the relevant service managers.

It was noted that new risk software that would enable more efficient management of risks.

In response to a query regarding SR03 Reduction in Government Funding, it was noted that this was currently at red level. However the Head of Finance explained that the reduction in government funding was a certainty so this was a manageable risk.

It was noted that the Modernising Local Government agenda risk at SR04 would be revised in line with the recent decision made by the Secretary of State.

**RESOLVED:** That the recent revisions made to the process for management to Councils' Strategic Risk Register (SRR) be noted.

### **36 TREASURY MANAGEMENT MID-YEAR REPORT 2018/19**

The Committee considered the Treasury Management mid-year report, covering the period 1 April to 30 September 2018.

Members noted the Council's capital expenditure and funding plans and that there had been no borrowing need. The treasury investments had increased and were earning an average rate of return at 1.03% which provided a greater return than the Libor rate of 0.73%. The Committee were also informed that future investments options would be investigated such as further investments in the CCLA Property Fund or direct property investments.

**RESOLVED:** That the Treasury Management mid-year report for the period 1 April to 30 September 2018 be noted.

### **37 APPROVAL OF THE HIGGINSON PARK CHARITY ANNUAL REPORT 2017/18**

The Committee noted the Higginson Park Charity Accounts for 2017/18. It was noted that these were the audited final accounts and no changes had been made to the accounts presented to the Audit Committee in Julie 2018.

The Accounts had been audited by Seymour Taylor Audit Limited.

**Recommended to Council:** That the Higginson Park Charity Annual Report and Financial Statements for 2017-18 be approved.

### **38 AUDIT COMMITTEE WORK PROGRAMME**

The Audit Committee work programme as appended to the agenda was reviewed by the Committee.

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

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Chairman

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

David Skinner	- Head of Finance & Commercial
Jemma Durkan	- Senior Democratic Services Officer
Mike Howard	- Business Assurance Manager