

# Audit Committee Minutes

Date: 28 February 2019

Time: 7.00 - 7.48 pm

**PRESENT:** Councillor R Scott (In the Chair)

Councillors: G C Hall, Ms C J Oliver, N Teesdale and P Turner

In Attendance: Ms S Gill (Ernst Young)

## 39 APOLOGIES

Apologies for absence were received from Councillors: M Appleyard and R Wilson.  
Mr A Brittan (Ernst Young)

## 40 MINUTES

**RESOLVED:** That the minutes of the meeting of the Audit Committee held on 1 November 2018 be confirmed as a true record and signed by the Chairman.

## 41 DECLARATIONS OF INTEREST

There were no declarations of interest

## 42 CERTIFICATION OF GRANTS & CLAIMS

A report was considered which explained that Local Authorities were in receipt of a subsidy from the DWP in order to assist in the administration of Housing Benefit. The DWP required external certification of the annual subsidy claim. Members were informed of the good news that in the 2017/18 subsidy year WDC error levels had been below the Government threshold levels allowing for the maximum subsidy to be attained. The total value of the claim had amounted to £44,282,827. Minor errors identified in the current year's audit had totalled just under £2000 (0.005%) of the total claim.

The report highlighted that improvements at WDC were owing to a number of factors, including the maintenance of a flexible workforce, which in turn had assisted with the growth in resources when required in response to welfare changes and Government software system enhancements.

The Chairman and Ms S Gill representing Ernst Young and in attendance at the meeting, wished congratulate and thank the Revenues & Benefits Manager and his team for all the hard work undertaken.

**RESOLVED:** That

- (i) The report be noted
- (ii) The Revenues & Benefits Manager and his team be congratulated and thanked for all the hard work undertaken.

#### **43 PERFORMANCE OUTTURN 2018/19 QUARTER 3**

A report was submitted which requested that the 2018/19 Quarter 3 outturn for the Council's 12 corporate performance measures be noted. It was highlighted that all of the performance measures where targets were set either exceeded or met the target within (+/- 5%).

The report stated that the performance measures provided key information with regard to the achievement of objectives and that the quality of the data was regularly monitored to ensure that it was fit for purpose. The 2018/19 quarter 3 outturn was attached at (Appendix A) to the report.

Members were informed that due to changes in staff, it had not been possible to submit information for quarters 1 and 2 but that performance measurement and monitoring had continued to take place.

A Member queried the reason as to why the percentage target of all abandoned calls to the CSC had moved from 3.6% to 5%. It was confirmed that 3.6% was the performance result from the previous year rather than the target but that all targets would be reviewed for the new year and that this would be reflected within future reports.

**RESOLVED:** That the report be noted.

#### **44 ANNUAL AUDIT PLANNING REPORT**

Members considered the Audit Planning Report attached at (Appendix A) which laid out the initial plans for Ernst & Young for 2018/19 and the approach it would adopt in the auditing of the Council's accounts. The plan also summarised the initial assessment of the key risks driving the development of an effective audit and outlined the planned audit strategy in response to those risks. The main areas of focus included misstatements due to fraud or error, property and pension valuations.

A broad timetable of events was also included within the Plan which stated that the interim audit would be carried out in February 2019, whilst the year end audit would commence in June with a view to completion of the process by the end of July 2019. This would conclude with a final report to this Committee highlighting the results of the audit along with the audited statement of accounts.

It was confirmed that the report was not dissimilar to that of last year, and that there had not been any significant changes in terms of risk. Ms S Gill did however highlight that E Y would be monitoring how the Council dealt with the risk/ area of

focus within the property valuations category which was likely to be volatile due to the current economic climate.

**RESOLVED:** That the report be noted

#### **45 TREASURY MANAGEMENT MID YEAR REPORT**

The Treasury Management Mid - year report for 2018/19 was considered which detailed the progress during the year against the strategy approved by Council on 22 February 2018. The report had also been submitted to Cabinet at its November meeting last year. Members were requested to scrutinise and consider the report which covered the period between 1 April - 30 September 2018.

The report stated that the main function of the Treasury Management service was to ensure that the Council operated a balanced budget and that the cash raised during the year had met its cash expenditure and that cash flow was adequately planned. Furthermore the Treasury Management service was required to fund the council's capital plans.

The report also provided a summary of the primary code of practice requirements for management of the treasury service which had been set by (CIPFA) and adopted by the Council. These were highlighted in paragraph 5 of the report.

The Presenting Officer confirmed that progress was on track, and that there had not been any significant change since June 2018.

**RESOLVED:** That the report be noted.

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

A report was submitted which requested that the Risk Management Policy for 2019/20 attached at (Appendix A) to the report be approved. The report stated that the Policy aimed to provide a comprehensive framework and associated processes to assist management in successfully discharging their risk management responsibilities.

The report further outlined the main objectives of this function which was primarily to improve the ability to deliver strategic objectives within the Corporate Plan. Furthermore the Policy had been designed to be used a toolkit for those involved in the management of risk within a project environment.

The Presenting officer provided further clarification with regard to the risk score matrix within the policy. This was used to define the severity of individual risks relative to the impact and probability score. It was indicated that the light grey shade represented a low risk scoring whilst the darker shade represented the threat of a more serious risk. The darkest shade of grey was indicative of a high risk level.

The Chairman emphasised the importance of ensuring that the responsibility for managing risk cascaded down to all staff.

**RESOLVED:** That the Risk Management Policy 2019/2020 be approved.

#### **47 DRAFT AUDIT COMMITTEE ANNUAL REPORT**

A report was submitted which reflected on the work and achievements of the Audit Committee in accordance with the guidance published by CIPFA for Local Authorities and Police 2013. The Annual report demonstrated the vital role discharged by the Committee, and the contribution that it made to the Council's governance arrangements.

The report's appendices detailed the terms of Reference of the Audit Committee, its role and responsibilities, together with the work programme anticipated during 2019. The report would also be published on the Council's website.

**RESOLVED:** That the Annual Audit Committee Report 2018 be noted.

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

The quarter 3 monitoring data was submitted for Members' information, as attached at (Appendix A to the report). This covered the period October – December 2018. The report highlighted that the Strategic Management Board (SMB) had agreed to the inclusion of two new identified risks within the register which could potentially have an impact on service delivery of the council's Corporate Plan, and consequently on the direction and sustainability of the Council.

The Presenting Officer drew attention to (SR08) – Unitary District Council Status Pre Structural Change Orders which had now replaced (SR04) – Local Government Reorganisation. In addition the inclusion of Brexit had also been reconsidered and agreed within the register as a subset of (SR02) – Internal and External Regulatory Framework.

It was emphasised that the register had an external focus over which it had limited control. The Council was required to determine suitable internal controls to mitigate the risk. The Head of Finance and Commercial Services provided a brief update on the planning around Brexit and regarding MLG.

**RESOLVED:** That the report be noted.

#### **49 AUDIT COMMITTEE - TERMS OF REFERENCE**

A report was submitted which requested approval of the proposed amendments to the Committee's Terms of Reference attached at (Appendix A), which would then be referred to Full Council for its endorsement. Members were informed that this report had previously been considered by this Committee in May 2018 but had been resubmitted in order to complete the necessary process required to effect the change. It was confirmed that the report stood unchanged.

The report provided a summary of the original changes which had been recommended following an annual review and in accordance with recommended best practice. These had included proposed amendments to sections 2, 4 and 6 of the constitution. The report also highlighted that approval of the Treasury Management Strategy would now transfer to Full Council, whilst responsibility for the scrutiny of this would remain with the Audit Committee itself.

**RECOMMENDED:** That the Terms of Reference as attached at (Appendix A) to the report be approved and the Council's Constitution be amended accordingly.

## **50 AUDIT COMMITTEE WORK PROGRAMME**

The Committee's draft work programme for the period May – July 2019 was submitted for consideration.

It was confirmed that the Risk Register item would be included on the list for submission.

**RESOLVED:** that

- (i) An item on the Strategic Risk Register be included for submission on the work programme
- (ii) The report be noted

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Chairman

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

Dave Skinner	- Head of Finance and Commercial Services
Mike Howard	- Business Assurance Manager
Iram Malik	- Democratic Services Officer
Andy Green	- Revenues and Benefits Service Manager
Harriet Baldwin	- Performance and Improvement Officer