

**Audit Committee**  
**11 APRIL 2018**

Present: Councillors: Stuart Ritchie (Chairman), Paul Marshall (Vice-Chairman), Brian Donnelly and Tim Lloyd

Apologies: Councillors: John Chidlow, Adrian Lee and Godfrey Newman

AAG/83 **MINUTES**

The minutes of the meeting held on 13 December 2017 were approved as a correct record and signed by the Chairman.

AAG/84 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/85 **ANNOUNCEMENTS**

The Chairman and Vice Chairman attended a CIPFA training course on audit committees in January 2018. They were pleased to find that Horsham's Audit Committee seemed to be operating on a satisfactory level.

The Chairman announced that the basic implementation of the new Finance system seemed to have been relatively successful and that year-end closedown was currently on track. The Head of Finance confirmed that functionality improvements to the Finance system will continue to be implemented.

Following a meeting between the Chairman and the new Chief Executive it was agreed that the Chief Executive would attend one meeting of the Audit Committee every 12 months beginning July 2018.

AAG/86 **TO AGREE THE DATES OF MEETINGS IN 2018/19 AS FOLLOWS:**

The proposed dates of future Audit Committee meetings were agreed by members.

AAG/87 **APPOINTMENT OF EXTERNAL AUDITORS**

Members noted the previous appointment of external auditors.

In line with the delegation by Council, Public Sector Audit Appointment (PSAA) have appointed Ernst and Young as the external auditors of the Council's accounts from 2018/19 for 5 years.

AAG/88 **AUDIT PROGRESS REPORT - MARCH 2018**

The External Auditor summarised the current progress of the Audit 2017/18.

The Audit Plan had been amended to include an additional 'other risk', in respect of the earlier deadline for production of the accounts. This has been included as a standard risk in all the external auditor's local government audit plans. The formal change to a fully substantial approach to the audit was also confirmed.

As part of the interim audit, work had been carried out on the valuation of the Forum. Some issues had been identified in this audit and were now being discussed with officers and Wilks, Head and Eve LLP, the Council's valuers.

An audit had been carried out of the change to the Council's financial management system. As the change involved additional work outside the scope of the normal audit there will be an additional fee for this work, which is being discussed with officers.

Three Value for Money areas of focus had also been carried out for the Broadbridge Heath Leisure Centre; Changes to waste, recycling and cleansing fleet and staffing; and Hop Oast Depot Redevelopment. No significant risks had been identified. This additional work was outside the scope of the normal audit and there will be an additional fee for this work, which is being discussed with officers.

Any changes to the audit fee are subject to review and determination by PSAA.

AAG/89 **CERTIFICATION OF CLAIMS AND RETURNS 2016-17**

The External Auditor presented Members with the Certification of Claims and Returns 2016/17.

It was reported that fewer errors had occurred than in previous years and that the consequences of the errors found were substantially lower.

AAG/90 **DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18**

The Director of Corporate Resources presented the draft Annual Governance Statement for 2017/18 to Members. The final document will be presented to the July meeting for formal approval.

The Areas for Improvement as set out in Appendix E would be included in future appraisals within the specified departments.

RESOLVED

That the Draft Annual Governance Statement 2017/18 was noted by the Committee

REASON

As part of good governance, it is important that the Annual Governance Statement is approved by the Audit Committee

AAG/91 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Director of Corporate Resources presented the Risk Management Quarterly Update.

The greatest risk was reported to be that funding from Government would be less generous than assumed in the MTFS from 2020 onwards. An updated MTFS would be brought back to Members as soon as more information is available.

Another substantial risk was the dissolution of the CenSus partnership, the cost of exiting this revenues and benefits agreement may be high.

It was agreed that a new risk be added to the Risk Register relating to the Director of Planning, Economic Development & Property leaving the Council.

RESOLVED

That the report be noted by the committee

REASON

To ensure that the Council has adequate risk management arrangements in place.

AAG/92 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

The Chief Internal Auditor summarised the work completed by the Internal Audit Section since December 2017.

Four audits had been completed since the last meeting: Council Tax, NNDR (Business Rates), Casual Workers, and Bulky Waste.

It was reported that Internal Audit were on track to deliver 88% of the current audit plan, this would be higher than the target of 85% set at the beginning of the last financial year.

Members noted that an Internal Audit Reporting and Escalations Policy had been adopted.

RESOLVED

That the summary of audit and project work undertaken since December 2017 be noted

REASON

- i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017)
- ii) The Committee is responsible for reviewing the effectiveness of the Council's system of internal control

AAG/93 **INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2018/19**

The Chief Internal Auditor presented the Internal Audit Strategy 2018/19 and Annual Plan, together with an Audit Charter.

The Internal Audit Charter had been produced by Orbis and is in accordance with the UK Public Sector Internal Audit Standards.

Members were informed that the audit plan is risk based, and that there is flexibility to change the plan during the year to incorporate any significant emerging risks.

Internal Audit will meet with each director twice a year to discuss risks and issues within their areas of responsibility.

It was noted that the level of audit resources (measured in days) expected to be available for HDC had reduced over the last few years. It was noted that controls had improved during this period and the Chief Internal Auditor considers that he will still be able to provide an annual audit opinion.

RESOLVED

That the Council's Internal Audit Strategy 2018/19 and Annual Plan, together with the updated Internal Audit Charter, be approved

REASON

- i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017)
- ii) The Committee is responsible for reviewing the effectiveness of the Council's system of internal control

AAG/94 **ACCOUNTING POLICIES**

The Head of Finance presented Members with Accounting Policies, critical judgements and assumptions used in 2017/18.

RESOLVED

That the Accounting Policies, critical judgements and assumptions to be used in the 2017/18 accounts be noted.

AAG/95 **URGENT BUSINESS**

There was no urgent business.

AAG/96 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

That, under Section 100A(2) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information, as defined in Part I of Schedule 12A of the Act, by virtue of the paragraph specified against each item, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

AAG/97 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT ON AUDIT FOLLOW UPS**

The Chief Internal Auditor summarised the progress on the implementation of agreed actions since the previous meeting.

Members noted the contents of the report, in particular the areas of concern highlighted by the Chief Internal Auditor.

The Chair of the Audit Committee will meet with the Director of Corporate Resources and Chief Internal Auditor to discuss the future of this report, and whether the content should continue to be reported as an 'exempt' item on the Audit Committee agenda.

RESOLVED

- i) That the progress in terms of agreed actions implemented since December 2017 be noted.
- ii) That the position in respect of the specific areas highlighted by the Chief Internal Auditor be noted.

REASON

The Audit Committee is responsible for reviewing the effectiveness of the Council's system of internal control.

*The meeting closed at 7.12 pm having commenced at 5.30 pm*

CHAIRMAN