

Audit Committee
25 JULY 2017

Present: Councillors: John Chidlow, Brian Donnelly, Tim Lloyd, Paul Marshall, Godfrey Newman and Stuart Ritchie

Apologies: Councillors: Adrian Lee

Also Present: Councillors: Peter Burgess, Leonard Crosbie, Nigel Jupp

AAG/53 **ELECTION OF CHAIRMAN**

RESOLVED

That Councillor Stuart Ritchie be elected Chairman of the Committee for the current Council year.

Councillor Stuart Ritchie thanked the outgoing Chairman, Councillor Godfrey Newman, for his work during his tenure as chairman.

AAG/54 **APPOINTMENT OF VICE-CHAIRMAN**

RESOLVED

That Councillor Paul Marshall be appointed Vice-Chairman of the Committee for the current Council year.

AAG/55 **TO APPROVE THE TIME OF MEETINGS OF THE COMMITTEE FOR THE ENSUING YEAR**

RESOLVED

That meetings of the Committee be held at 5.30pm for the ensuing Council year.

AAG/56 **MINUTES**

The minutes of the meeting held on 22nd March 2017 were approved as a correct record and signed by the Chairman.

AAG/57 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/58 **ANNOUNCEMENTS**

There were no announcements.

AAG/59 **AUDIT RESULTS REPORT**

The external audit manager presented the audit results report which proposed an unqualified opinion on the statement of accounts.

One adjusted misstatement was reported. The Committee agreed not to adjust two unadjusted misstatements that had been identified.

An unqualified value for money conclusion was also proposed. The report stated that the external auditors were satisfied with the current Medium Term Financial Strategy but the Council should not reduce its efforts to seek out methods of generating savings without impacting services whilst retaining a sustainable financial position.

RESOLVED

That the Audit Results Report be noted.

AAG/60 **LETTER OF REPRESENTATION**

RESOLVED

That the letter and appendix of unadjusted misstatements be agreed by the Audit Committee and signed by the Director of Corporate Resources and the Chairman of the Audit Committee.

AAG/61 **TREASURY MANAGEMENT ACTIVITY AND PRUDENTIAL INDICATORS 2016/17**

RESOLVED

That the Committee noted the following:

- i) The Treasury Management stewardship report for 2016/17
- ii) The actual prudential indicators for 2016/17

REASON

- i) The annual treasury report is a requirement of the Council's reporting procedures.

- ii) This report also covers the actual Prudential Indicators for 2016/17 in accordance with the requirements of the relevant CIPFA Codes of Practice.

AAG/62 **STATEMENT OF ACCOUNTS 2016/17**

The Chairman congratulated the Finance team on a well presented set of financial statements that was produced in a shorter timescale, on track to achieve the brought forward statutory deadline in 2017/18.

RESOLVED

That the Statement of Accounts 2016/17 be approved.

REASON

- i) It is a requirement of the Accounts and Audit (England) Regulations 2016 that the Statement of Accounts are approved by 30 September 2017
- ii) The external auditors plan to issue an unqualified audit opinion on the financial statements for 2016/17

AAG/63 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Director of Corporate Resources presented the latest quarterly update of the Corporate Risk Register.

Members agreed that a significant risk would be a breach of data protection. The committee agreed that more e-learning courses should be advertised and available to Council Members.

RESOLVED

That the report be noted.

REASON

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

AAG/64 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

The Chief Internal Auditor presented the report to Members for noting.

Since the last quarterly meeting in March 2017, 10 audit reviews have been completed. Council Tax and Payroll achieved an overall assurance opinion of "Substantial". The following audits were assessed as "Satisfactory": Project Governance (Broadbridge Heath Leisure Centre); Buildings Maintenance and

Facilities Management; Risk Management; Business Rates; Treasury Management and BACS. Housing Benefits and Cash and Bank were both given “Limited” Assurance.

Two amendments have been made to the 2017/18 audit plan. The Parking Enforcement audit has been replaced by a ‘consultancy’ review of the ANPR (Automatic Number Plate Recognition) system, and the audit of mobile devices has been replaced by an audit of cyber security controls. The audits of Parking Enforcement and Mobile Devices will be considered for the 2018/19 audit plan.

RESOLVED

- (i) That the summary of audit and project work undertaken since March 2017 be noted.

REASONS

- (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/65 **ANNUAL INTERNAL AUDIT REPORT 2016/17**

The Chief Internal Auditor advised that the annual report had been compiled to:

- Provide a statement on conformance with the Public Sector Internal Audit Standards;
- Summarise the effectiveness of internal audit work; and
- Summarise the work undertaken by Internal Audit during 2016/17 and provide an overall opinion on the adequacy of the Council’s governance arrangements, risk management systems and control environment.

The Council’s Internal Audit Service operated in accordance with the Public Sector Internal Audit Standards, which required the Chief Internal Auditor to undertake a self-assessment of the internal audit service against a Quality Assurance and Improvement Plan checklist the results of which were outlined as part of the Annual Audit Report. It was noted that the Internal Audit Team had maintained its independence throughout 2016/17 in accordance with the Audit Charter.

During the year, 86% of audits had been completed against a target of 85%.

The Chief Internal Auditor reported that he was of the overall opinion that “Satisfactory” assurance could be given that there was generally a sound

system of internal control, designed to meet the Council's objectives, and that the controls were generally being applied consistently.

It was agreed that the Chief Internal Auditor (CIA) would find out whether audits not completed during 2015/16 were covered during 2016/17. It was also agreed that the CIA and Director of Corporate Resources would consider whether the Communications audit (not undertaken during 2016/17) should be undertaken during 2017/18. The information will be reported back at the next meeting.

RESOLVED

- i) That the statement of compliance with the Public Sector Internal Audit Standards be noted.
- ii) That the performance of internal audit against performance targets be noted
- iii) That the opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the Council's internal control environment, governance and risk management systems be noted

REASONS

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

AAG/66 **ANNUAL GOVERNANCE STATEMENT 2016/17**

The Director of Corporate Resources reported that the annual review of the Council's governance, risk management and internal control arrangements has been undertaken to support the production of the Annual Governance Statement for 2016/17.

RESOLVED

That the Annual Governance Statement for 2016/17 be approved.

REASON

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

AAG/67 **URGENT BUSINESS**

There were no urgent matters to be considered.

AAG/68 **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 items of business on the grounds that they involve 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/69 **AUDIT FOLLOW-UPS**

The Chief Internal Auditor summarised the progress on the implementation of agreed actions since March 2017.

RESOLVED

- i) That the progress in terms of agreed actions implemented since March 2017 be noted.
- ii) That any areas of particular concern 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 7.20 pm having commenced at 5.30 pm

CHAIRMAN