

Audit Committee
9 OCTOBER 2019

Present: Councillors: Stuart Ritchie (Chairman), John Blackall, Paul Clarke, Ruth Fletcher and Jack Saheid

Apologies: Councillors: Paul Marshall
Absent: Councillors: Tony Bevis

AAG/16 **MINUTES**

The minutes of the meeting held on 11th July were approved as a correct record and signed by the Chairman.

AAG/17 **DECLARATIONS OF MEMBERS' INTERESTS**

None.

AAG/18 **ANNOUNCEMENTS**

None.

AAG/19 **ANNUAL AUDIT LETTER 2018 - 19**

The External Audit Assistant Manager presented the Annual Audit Letter with the purpose of identifying key issues arising from the 2018/19 audit.

There were questions around the IASB Conceptual Framework for Financial Reporting and around new accounting standard IFRS 16 (Leases). The auditor explained that on the balance sheet, income and expenditure were unlikely to alter much but recording of assets and liabilities was likely to alter more.

AAG/20 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Project Assurance Manager presented the Corporate Risk Register to September 2019. She highlighted the four risks currently considered to be high. They were:

- Funding from Government was less generous than assumed in the Medium Term Financial Strategy.
- Uncertainty in the UK and world economy.
- Increase in costs of homelessness, housing services, recycling and transport.
- Decrease in Rateable Value and potentially backdated refunds to 2010. This was a new risk included in the report which was that nationally NHS Foundation Trusts and some NHS Trusts have applied for mandatory charitable

relief on their business rates on the basis that they should be treated as charities.

The Project Assurance Manager clarified that some of the risks in the report had originated as departmental risks.

There was a discussion around the effect that a general election would have on finances and the committee felt Brexit would have more of an effect due to uncertainty in the economy. A new risk surrounding this – CRR34 – has been identified.

There was a further discussion regarding the likelihood that the Government would offset the Council's parking income against what they gave the Council.

The Chairman requested a comment from the Chief Executive on the new rules around data sharing. The Chief Executive clarified that most of the data the Council processed was local data.

RESOLVED

That the Committee note the report.

AAG/21 **RISK MANAGEMENT QUARTERLY UPDATE - APPENDIX 2**

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/22 **INTERNAL AUDIT AND INTERNAL CONTROL UPDATE REPORT**

The Chief Internal Auditor presented Members with the Internal Audit Progress Report for quarter 1 for 2019/20. Three audits had been completed.

An opinion of **substantial** assurance was given for the Homelessness Reduction Act and Print Procurement audits. There were no high or medium priority actions to report to the Committee.

An opinion of **reasonable** assurance was given for the audit of purchase cards. Attention was drawn to two particular control weaknesses relating to transaction

approvals and split transactions. Remedial action has been agreed for both issues.

The Chief Internal Auditor noted that proactive counter fraud work was ongoing. In addition, a new Counter Fraud Strategy and Framework was being written for the Council. This document sets out the Council's commitment to preventing, detecting and deterring fraud and corruption to ensure public funds are used for their intended purposes.

98% of high and medium agreed actions over a rolling period of 12 months had been implemented. The Chief Internal Auditor drew attention to the fact that the Senior Leadership Team had recently reviewed how purchase orders were dealt with in order to resolve a long-outstanding action.

AAG/23 **URGENT BUSINESS**

There was no urgent business.

The meeting closed at 6.48 pm having commenced at 5.30 pm

CHAIRMAN