

Audit Committee
10 OCTOBER 2018

Present: Councillors: Stuart Ritchie (Chairman), Paul Marshall (Vice-Chairman), Paul Clarke, Brian Donnelly and Godfrey Newman

Apologies: Councillors: John Chidlow and Tim Lloyd

AAG/18 **MINUTES**

There was a small typographical change to be made to minute AAG/6. The word 'they' would be changed to the word 'he'.

Following the above amendment, the minutes of the meeting held on 12th July 2018 were approved as a correct record and signed by the Chairman.

AAG/19 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/20 **ANNOUNCEMENTS**

The Chairman announced that a forward plan for Audit Committee had been created. It would be included on future Agendas.

The vast majority of previously restricted items i.e. 'Internal Audit – Quarterly Update on Audit Follow-Ups' would now be available to the public going forward.

AAG/21 **ANNUAL AUDIT LETTER**

The external audit manager presented the Annual Audit Letter with the purpose of identifying key issues arising from the 2017/18 audit.

The letter detailed potential impacts regarding new accounting standards coming in to effect in the financial years 2018/19 and 2019/20

Members noted the contents of the letter and the potential impacts of the incoming IFRS 9, IFRS 15, and IFRS 16.

AAG/22 **RISK MANAGEMENT - QUARTERLY UPDATE**

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

Two new risks had been added to the register since the publication of the previous update:

- CRR28 – Systems not fully operational on resumption of power supply forcing need for HDC Disaster Recovery Implementation.
- CRR30 – Increase in costs of homelessness, housing services, recycling, transport and anti-social behaviour.

Risk CRR30 was considered to be high risk. There was only one other high risk on the register: CRR01b – Funding from Government is less generous than assumed in the Medium Term Financial Strategy (MTFS) from 2020. CRR28 – the shutdown had taken place without incident and the risk would be removed at the next review.

Members asked the Director of Corporate Resources to provide an indicative cost for the provision of a replicate site for Disaster Recovery.

RESOLVED

That the report be noted.

REASON

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

AAG/23 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

The Chief Internal Auditor presented Members with the Internal Audit Progress Report for quarter 1 2018/19.

A number of audits had been completed during quarter 1, however, they related to the previous financial year and the outcomes were included in the annual audit report at the previous committee meeting.

Orbis had established the Orbis Counter Fraud Team in April 2018 and there had been a focus in quarter 1 to ensure a consistent approach be adopted across the Orbis partnership. Implementation of an integrated Fighting Fraud Plan across Orbis partners in quarter 2 would be taking place and internal audit had been liaising with relevant departments in preparation for the forthcoming National Fraud Initiative data matching exercise.

All high and medium priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 1, 95% of high priority actions due had been implemented within agreed timescales. Internal Audit would continue to work with senior management to ensure that sufficient attention be given, and regular updates would continue to be given at Audit Committee meetings.

Members noted the progress of ongoing and recently completed individual audit reviews.

Three new reviews had been added to the audit plan:

- Housing Benefits Subsidy - Lessons Learnt
- Review of bomb / lockdown procedures for Parkside and buildings owned by Horsham D.C.
- Input to the review of the Council's Constitution

One audit had been removed from the audit plan:

- Contracts (Procurement)

Members noted that all previously agreed performance indicators had been met by Internal Audit.

RESOLVED

That the Audit Committee noted the report.

REASONS

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

AAG/24 **URGENT BUSINESS**

The External Auditor, Paul King, announced that he would no longer be the Ernst & Young representative for HDC and his colleague, Andrew Brittain, would be replacing him. He also thanked the Finance team for their hard work and cooperation during the last five years.

The Chairman thanked Paul for his hard work and dedication throughout the previous years.

The meeting closed at 6.21 pm having commenced at 5.30 pm

CHAIRMAN