

Audit Committee

Thursday 16 March 2017

PRESENT:

Councillor Sam Leaves, in the Chair.

Councillor Parker-Delaz-Ajete, Vice Chair.

Councillors Sam Davey, Dr Mahony and Mrs Pengelly Sam Davey, Dr Mahony and Mrs Pengelly.

Independent Members: Mr R Clarke and Mr I Stewart.

Also in attendance: David Curnow (Devon Audit Partnership), Brenda Davis (Devon Audit Partnership), Chris Flower (Finance Business Partner for Capital and Treasury Management), Andrew Hardingham (Interim Strategic Director for Transformation and Change – Finance), Mike Hocking (Head of Assurance Services), Julie Hosking (Corporate Risk Adviser), Rob Hutchins (Devon Audit Partnership), David Northey (Head of Integrated Finance), Greg Rubins (BDO) and Helen Wright (Democratic Adviser).

The meeting started at 2pm and finished at 3.10pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

42. **Declarations of Interest**

Councillor Sam Leaves declared a personal interest as she was employed by the NEW Devon CCG.

43. **Minutes**

The Committee agreed that the minutes of the meeting held on 8 December 2016 are a correct record subject to the following amendments –

- (1) Chair of school governors;
- (2) School governor of two schools;
- (3) it was reported that;
- (4) the Council spread the risks;
- (5) the complaint related to;
- (6) the taking of a photograph;

44. **Chair's Urgent Business**

With the permission of the Chair, Rob Hutchins (Devon Audit Partnership) advised that Torridge District Council had expressed an interest in becoming a full partner in the Devon Audit Partnership, together with Plymouth City Council, Devon County Council and Torbay Council. He confirmed that the decision to admit a new partner would need approval from the Devon Audit Partnership Committee and therefore approval would not be required by this Audit Committee.

(In accordance with Section 100(B)(4)(b) of the Local Government Act, 1972, the Chair brought forward the above item for urgent consideration because of the need to inform Committee Members).

45. **Treasury Management Practices, Principles and Schedules 2017/18**

Chris Flower (Finance Business Partner for Capital and Treasury Management) presented the Treasury Management Practices, Principles and Schedules 2017/18 report.

It was a requirement of the adopted CIPFA Code of Practices on Treasury Management that practices, principles and schedules were in place to ensure the Council's policy was adhered to and that working practices and controls were in place to meet the approved strategy.

The main areas of questioning related to –

- (a) a number of inconsistencies within the report (the use of capital letters);
- (b) whether the report should be amended to read approve by the Audit Committee;
- (c) the Council's exposure to risk relating to the cyber security of its on-line services;
- (d) the terminology used within the report relating to money laundering.

Andrew Hardingham (Interim Strategic Director for Transformation and Change – Finance) advised that the revised report would be circulated to Committee Members.

The Audit Committee agreed to approve the Treasury Management Practices, Principles and Schedules for 2017/18.

46. **Strategic Risk and Opportunity Register Monitoring Report and the Integrated Commissioning Risk Register Report**

Mike Hocking (Head of Assurance Services) presented the Strategic Risk and Opportunity Register Monitoring report.

The report provided a summary of the latest formal monitoring exercise completed for the Strategic Risk and Opportunity Register for the period September 2016 to February 2017.

Overall as a result of the review, the total number of risks now reported on the Strategic Risk and Opportunity Register had increased from 14 to 15 (the new risk related to the implementation of the General Data Protection Regulations 2018).

David Northey (Head of Integrated Finance) presented the Integrated Commissioning Risk Register report.

The report provided a summary of the Integrated Risk Management Framework between Plymouth City Council and NHS Northern Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG) to adopt an integrated approach to the management of risk.

The main areas of questioning related to –

- (a) the feasibility of whether this service could be sold to other organisations;
- (b) whether this work had resulted in additional resources being required.

Andrew Hardingham (Interim Strategic Director for Transformation and Change – Finance) reported that the work undertaken on this project had been shortlisted for the Health and Social Care Integration Award by the Chartered Institute of Public Finance and Accounting (the ceremony would take place at the end of April 2017).

The Committee noted and endorsed the current position with regard to the Strategic Risk and Opportunity Register.

47. **Internal Audit Charter and Strategy 2017/18**

David Curnow (Devon Audit Partnership) together with Robert Hutchins and Brenda Davis (Devon Audit Partnership) presented the Internal Audit Charter and Strategy 2017/18.

One of the requirements of the Public Sector Internal Audit Standards (PSIAS) was that the purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter and strategy, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.

The Committee agreed the Internal Audit Charter and Strategy 2017/18.

48. **Internal Audit Plan 2017/18**

David Curnow (Devon Audit Partnership) together with Rob Hutchins and Brenda Davis (Devon Audit Partnership) presented the Internal Audit Plan 2017/18.

The report provided information on the legislative requirement for local authorities to provide an Internal Audit (IA) service in accordance with the Accounts and Audit Regulations and Public Sector Internal Audit Standards; the need for an annual risk-based IA plan to be prepared and the methodology for identifying the audit needs for the authority.

The planning process takes place with clients towards the end of each financial year, resulting in an updated risk-based annual plan for the coming year. The risk-based audit work planned for 2017-18 was linked through the Strategic and Operational Risk Register to risks related to the achievement of the Council's strategic objectives.

The main areas of questioning related to –

- (a) the reasoning for the estimated number of days for schools relating to the core activity for the Internal Audit review;
- (b) concerns regarding the merged jurisdictions of Plymouth and West Devon Coroners service with Torbay and South Devon Service and the location of the offices;
- (c) whether Internal Audit had been involved with the negotiations for the new highways contract.

Andrew Hardingham (Interim Strategic Director for Transformation and Change – Finance) undertook to liaise with the Cabinet Member responsible for the Coroners service regarding the concerns raised.

The Committee agreed to approve the 2017/18 Internal Audit Plan.

The Committee noted the report.

49. **Grant Claims and Returns Certification**

Greg Rubins (External Auditor BDO) presented the Grant Claims and Returns Certification which highlighted the following key areas –

- following 'testing' of sample claimant records (in accordance with the DWP auditor work programme) four errors relating to War Disablement Pensions had been identified; (the aggregate value of the errors amounted to less than £1000 which had no impact of on the subsidy);
- sample 'testing' had been successfully completed in relation to teachers' pensions and a limited assurance report had been issued in advance of the 30 November 2016 deadline.

The Committee noted the report.

50. **Planning Report 31 March 2017**

Greg Rubins (External Auditor BDO) presented the Planning Report (31 March 2017).

The purpose of the report was to highlight and explain the key issues which the external auditor believed to be relevant to the audit of the financial statements and use of resources of the Authority for the year ending 31 March 2017.

The Committee noted the report.

51. **Planning Letter 2017/18**

Greg Rubins (External Auditor BDO) presented the Planning Letter 2017/18 which highlighted the following key areas –

- the proposed fees;
- the audit arrangements;
- audit appointments for 2018/19.

The Committee noted the report.

52. **Review of Work Plan 2016/17**

Andrew Hardingham (Interim Strategic Director for Transformation and Change – Finance) advised that the future dates of the Audit Committee for the municipal year 2017/18 had yet to be agreed. The dates would be ratified at the Full Council meeting scheduled to be held on 20 March 2017.

Helen Wright (Democratic Adviser) undertook to circulate the dates of the Committee for the forthcoming municipal year to the Independent Members.

The Committee noted the current position of its work plan.