

Audit Committee

Thursday 15 September 2016

PRESENT:

Councillor Sam Leaves, in the Chair.
Councillor Parker-Delaz-Ajete, Vice Chair.
Councillors Sam Davey, Dr Mahony and Mrs Pengelly.

Independent Members; Mr R Clarke and Mr Stewart.

Also in attendance: David Curnow (Devon Audit Partnership), Brenda Davis (Devon Audit Partnership), Pamela Evans (BDO), Chris Flower (Lead Accountant), Andrew Hardingham (Assistant Director for Finance), Carolyn Haynes (Lead Accountant), Mike Hocking (Head of Assurance Services), Julie Hosking (Risk Management and Insurance Officer), David Northey (Head of Integrated Finance), Greg Rubins (BDO) and Helen Wright (Democratic Advisor)

The meeting started at 2.00 pm and finished at 3.25 pm.

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.

15. To Note the Appointment of the Vice Chair

The committee noted the appointment of Councillor Parker Delaz-Ajete as Vice Chair for the forthcoming municipal year 2016/17.

16. Declarations of Interest

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

17. Minutes

The committee agreed that the minutes of the meeting held on 30 June 2016 as a correct record.

18. Chair's Urgent Business

There were no items of Chair's urgent business.

19. Statement of Accounts 2015/16

Carolyn Haynes (Lead Accountant) presented the Statement of Accounts 2015/16, which highlighted the following key areas –

- (a) the Council's draft Statutory Statement of Accounts for year ending 31 March 2016 had been prepared and approved ready for the Council's external auditors by the Assistant Director for Finance on

30 June 2016;

- (b) the accounts had now been audited and were being presented to the Audit Committee for approval; the Account and Audit Regulations required the accounts to be formally approved and published on or before 30 September 2016; the Audit Committee was also asked to approve the Annual Governance Statement for 2015/16;
- (c) the main amendments which had arose following the publication of the draft accounts were included in Appendix C of the report.

In response to questions raised by the committee, it was reported that –

- (d) information would be circulated to members relating to -
 - why there had been an increase in long term debtors written out in year;
 - the reasons for the reduction in 2014/15 and 2015/16 in revenue and other funds;
 - the split between local government and claimant error regarding housing payment overpayment provision;
 - the current collection rates for council tax;
- (e) although this was the first year that BDO had audited the Council's accounts, both organisations had worked well together; following the sign off of the accounts a meeting would be held to discuss the lessons learnt;
- (f) data on satisfaction surveys undertaken within Adult Social Care would be reported as part of the integrated fund and as and when new data was available it would be reported to the Audit Committee;
- (g) the increase in the audit fee had been due to an elector's objection regarding the authorisation of expenditure for the MTV Crashes event held in 2015;
- (h) the Assistant Director for Finance was charged under the Local Government Act 1972, Section 151 to ensure that the council's finance function was properly resourced in order to discharge his responsibilities.

The Chair, on behalf of the Audit Committee, thanked the staff within finance for their work on the Statement of Accounts.

The committee agreed to -

- (1) approve the Statement of Accounts for 2015/16;
- (2) approve the Annual Governance Statement for 2015/16;
- (3) Authorise the Letter of Representation and submit it to the Auditor.

The committee noted the amendment made to the Statement of Accounts of 2015/16 as agreed with the Auditor.

20. **Treasury Management 'Brexit' Report**

Chris Flower (Lead Accountant) presented the treasury management 'Brexit' report which provided a commentary on the effects on treasury management caused by the UK's decision to leave the European Union. The report also outlined the changes in the economy and markets, and how these had affected the Council's treasury management.

The committee noted the report.

21. **Strategic Risk and Opportunity Register Monitoring Report**

Mike Hocking (Head of Assurance Services) presented the strategic risk and opportunity register monitoring report for March 2016 to August 2016 which highlighted the following key areas -

- (a) a review of the strategic risk and opportunity register was undertaken at the beginning of the year to ensure the risks included on it are those that affect or are created by our strategic objectives and allow the senior officers to carry out more proactive management of the key risks that may impact on the Corporate Plan;
- (b) as a result of the review, the total number of risks had increased from 12 to 14;
- (c) two risks added related to 'the organisation's ability to meet performance and delivery expectations in relation to statutory duties and deadlines are reduced' and 'risk of non-delivery of a plan for waste that delivers increased recycling levels in Plymouth.

In response to a question raised regarding the organisation's ability to meet performance and delivery expectations, in relation to statutory duties and deadlines, it was reported that there were concerns relating to the ability of the organisation to continue to deliver services with fewer people; it was further reported that staff stress surveys were undertaken together with the annual staff survey.

The committee considered that elected Members should also undertake a survey to gauge their opinions on the ability of the organisation to deliver services.

The committee agreed to include staff sickness on the agenda for the December 2016 meeting and to invite the Assistant Director for HR and OD to attend.

The committee noted and endorsed the current position with regard to the strategic risk and opportunity register.

22. **Internal Audit Progress Report**

David Curnow (Devon Audit Partnership) and Brenda Davis (Devon Audit Partnership) presented the Internal Audit progress report which provided a position statement on the audit work carried out since April 2016 and based on work performed to date during 2016/17.

Members were advised that –

- (a) progress in the period up to 19 August 2016 had included completion of work carried forward from 2015/16, undertaking follow up audits and completing assignments in accordance with the timescales agreed with management;
- (b) overall and based on work performed to date during 2016/17, Internal Audit was able to provide reasonable assurance on the adequacy and effectiveness of the authority's internal control environment.

In response to a question raised by the committee, it was reported that a review had been undertaken on planning compliance but this had not included issues such as planning applications, enforcement or Section 106 monies.

The committee agreed that Internal Audit undertake a review relating to planning Section 106 monies.

The committee noted the report.

23. **Internal Audit Follow Up Work**

David Curnow (Devon Audit Partnership) and Brenda Davis (Devon Audit Partnership) presented the Internal Audit follow up work.

The committee was informed that –

- (a) the report was to provide assurance to the Audit Committee that where an audit had been undertaken and that an opinion of Improvement Required or less had been provided, Devon Audit Partnership had undertaken follow up audit reviews wherever possible or discussed progress with relevant officers;
- (b) it should be noted that no opinion of 'fundamental weakness identified' had been given for any of the audits undertaken in 2015/16 and to date;

- (c) the Partnership had given an opinion of 'significant assurance' for the Annual Audit report 2015/16.

In response to a question raised by the committee, it was reported that there was currently a national issue with the re-assessment of housing benefit claims.

The committee noted the report.

24. **Annual Report to Those Charged with Governance (ISA 260) 2015/16 including Value for Money**

Greg Rubins (BDO) and Pamela Evans (BDO) presented the annual report to those charged with governance (ISA260 report) 2015/16 including value for money (VFM) which highlighted key matters arising from BDO's audit of the Council's financial statement for the year ended 31 March 2016 as follows -

- key audit and accounting matters;
- summary of audit findings;
- outstanding matters;
- other reporting matters;
- control environment;
- whole governance accounts;
- use of resources.

The committee agreed to include an update on Lender Option, Borrower Option (LOBO) loans at a future meeting.

The committee noted the report.

25. **Review of Work Programme 2016/17**

The committee agreed to include the following items for the December meeting, on its work programme for 2016/17 –

- (1) staff sickness (invite the Assistant Director for HR and OD to attend);
- (2) the implications of 'Brexit' on Council, to be included in the mid-year Treasury Management report.