

Audit Committee

Thursday 14 September 2017

PRESENT:

Councillor Parker-Delaz-Ajete, in the Chair.
Councillor Dr Mahony, Vice Chair.
Councillors Ken Foster (substitute for Councillor Sam Leaves) and Mrs Pengelly.

Co-opted Representatives: Mr Clarke and Mr Stewart.

Apologies for absence: Councillors Sam Davey and Sam Leaves.

Also in attendance: Claire Cotter (Interim Head of Health, Safety and Wellbeing and Assurance), Brenda Davis (Audit Manager), John Finch (Information Governance Manager), Andrew Hardingham (Interim Joint Strategic Director for Transformation and Change), Carolyn Haynes (Financial Controller), Matthew Hepenstal (BDO), Mike Hocking (Head of Assurance Services), Julie Hosking (Corporate Risk Advisor), Paul Looby (Head of Financial Planning and Reporting), David Northey (Head of Integrated Finance) and Helen Rickman (Democratic Support Advisor).

The meeting started at 2.00 pm and finished at 3.00 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.

16. **Declarations of Interest**

There were no declarations of interest in accordance with the code of conduct.

17. **Minutes**

Agreed that the minutes of the meeting held on 29 June 2017 are confirmed as a correct record.

18. **Chair's Urgent Business**

There were no items of Chair's urgent business.

19. **Appointment of the Independent Member**

Andrew Hardingham (Interim Joint Strategic Director for Transformation and Change) advised Members that Mr Ian Stewart's term as an Independent Member on the Audit Committee was due for renewal.

Agreed that Mr Ian Stewart is appointed as an Independent Member of the Audit Committee for a four year term, to be reviewed annually.

20. **Appointment of External Auditor 2018/19**

Paul Looby (Head of Financial Planning and Reporting) presented the Appointment of External Auditor 2018/19 report.

Members were advised that in 2016 Public Sector Audit Appointments (PSSA) was selected by the Secretary of State for Communities and Local Government to take on the role of Appointing Person for external auditors for local government. Plymouth City Council was therefore not required to undertake its own procurement process to appoint an external auditor; on 15 August 2017, PSSA informed the Council that they proposed Grant Thornton UK (LLP) to act as the Council's External Auditor for 2018/19. The Council's Section 151 Officer was satisfied with the appointment and confirmed if the Audit Committee endorsed the appointment, he would then write to the PSSA confirming its acceptance.

Agreed that the Committee approves the appointment of Grant Thornton UK (LLP) as Plymouth City Council's External Auditors from 2018/19.

21. **Statement of Accounts 2016/17**

Carolyn Haynes (Financial Controller) presented the Statement of Accounts 2016/17 report.

Audit Committee Members were advised that this was the second year that the Council had worked with their external auditor, BDO, to produce the Statement of Accounts and that the process had continued to improve. The draft Statement of Accounts was produced three weeks prior to the statutory deadline and the auditors had commented on the significant improvement in the quality of supporting working papers. Officers were confident that the statutory changes to the deadlines for the Statement of Accounts 2017/18 could be met despite timescales being brought forward by several weeks.

Agreed that the Audit Committee –

1. note the amendments made to the Statement of Accounts for 2016/17 as agreed with the Auditor, and outlined within the report;
2. approve the Statement of Accounts for 2016/17 as attached at Appendix A;
3. the Letter of Representation attached at Appendix B is authorised and submitted to the Auditor.

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

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

Members were advised that the register was last reported to the Audit Committee in March 2017 and that the report provided a summary of the latest position as at 31 August 2017 specifically including:

- a) Amber Risk 117 – Failing to adhere to the General Data Protection Regulation;
- b) Amber Risk 118 – Potential failure to deliver effective electoral services functions due to inadequate resourcing and processes and lack of appropriately qualified staff. Consequences could include a negative impact upon maximising registration and a risk of disenfranchising voters;
- c) Green Risk 119 – Cladding issues on buildings in Plymouth above 18m that have the potential to contain, or have been identified as containing ACM cladding that has a risk of combustion;

Agreed –

1. the Audit Committee note and endorse the current position with regard to the Strategic Risk and Opportunity Register;
2. an update on the Electoral Services report is added to the work programme for the December Audit Committee meeting.

23. **Integrated Commissioning Risk Register**

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

Members were advised that the Integrated Risk Management Framework was overseen by the Finance and Assurance Review Group (FARG) to ensure an integrated approach to the management of risk. NEW Devon CCG's Head of Corporate Governance and Plymouth City Council's Corporate Risk Advisor undertook a review of the risks contained within Appendix A of the report. This register would continue to be reviewed by FARG on a quarterly basis.

Agreed that the Audit Committee note and endorse the current position with regard to the Integrated Commissioning Risk Register.

24. **Internal Audit - Progress Report**

Brenda Davis (Audit Manager) presented the Internal Audit Progress Report.

Members were advised that the Annual Internal Audit Report submitted to the June 2017 Audit Committee contained a summary of audits undertaken during 2016/17; where an opinion of 'improvements required' was provided, issues were identified during the audit process that required attention and management to improve. This report contained follow up reviews to provide assurance to Members specifically regarding:

- Independent Placements (Children)
- Retained Client Deprivation of Liberty Safeguards
- Statutory Compliance
- Direct Payments (pre-paid cards)
- Trade Waste

It was reported that overall good progress was made against the agreed recommendations following Devon Audit Partnership's initial work and this was shown in Appendix A of the report.

Agreed that the Internal Audit Progress Report is noted.

25. **Internal Audit Follow Up Report 2016/17**

Brenda Davis (Audit Manager) presented the Internal Audit Follow Up report 2016/17.

Members were advised that the report provided a summary in the year up to August 2017 against the internal audit plan for the 2017/18 financial year, highlighting key areas of work undertaken and summarising the main findings and audit opinions. Based on work performed to date during 2017/18, Internal Audit provided reasonable assurance on the adequacy and effectiveness of the Authority's internal control environment.

Agreed that the report is noted.

26. **Annual Report to Those Charged with Governance (ISA260 Report) 2016/2017 including Value for Money**

Matthew Hepenstal (BDO) presented the Annual Report to Those Charged with Governance (ISA260 report) including Value for Money.

Members were advised that representatives from BDO had worked with Plymouth City Council's finance team to prepare for the faster close requirements that would be in place for the 2017/18 audit. As part of this process an agreement was made to bring forward the audit work deadlines; the first draft of the audit accounts was received in early June. Mr Hepenstal commented that the standard of the working papers were high which aided in the completion of the audit process.

Agreed that the report is noted.

27. **Health, Safety and Wellbeing (HSW) Annual Report 2016/17**

Claire Cotter (Interim Head of Health, Safety and Wellbeing and Assurance) presented the Health Safety and Wellbeing Annual Report 2016/17.

Members were advised that the report detailed the Council's occupational health and safety performance to the end of the financial year 2016/17, as well as the improvement plans for 2017/18.

Agreed that the Audit Committee note and endorse the HSW Annual Report 2016/17 for external publication.

28. **Review of Work Plan 2017 - 18**

Members noted the work programme for 2017/18 and agreed the inclusion of the Elections Report Update at the December 2017 Audit Committee meeting.

29. **Exempt Business**

Agreed that under Section 100(A)(4) of the Local Government Act, 1972, the press and public are excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

30. **Information Governance - Annual Report (E3)**

John Finch (Information Governance Manager) presented the Information Governance – Annual Report.

Agreed that the report is noted.

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