

AUDIT COMMITTEE

Minutes of the Meeting held on 1 December 2015 at 2.30 pm in the Council Chamber, Williton

Present

Councillor R Lillis.....Chairman
Councillor T Venner.....Vice Chairman
Councillor R Thomas
Councillor R Woods

Officers In Attendance

Revenues & Benefits Manager (H Tiso)
Finance Manager (S Plenty)
Senior Accountant and Deputy s151 Officer (J Nacey)
Senior Corporate Accountant (J Howells)
Democratic Services Officer (E Hill)

Also In Attendance

Kevin Henderson, Manager, Grant Thornton
Ian Baker, Executive Director, South West Audit Partnership (SWAP)
Kirsty Edwards, Investigation and Intelligence Support Officer, South West Audit Partnership (SWAP)

A.26 Minutes

(Minutes of the Meeting of the Audit Committee held on 28 September 2015, circulated with the Agenda)

RESOLVED that the Minutes of the Audit Committee held on 6 July 2015, be confirmed as a correct record.

A.27 Declarations of Interest

Name	Minute No.	Member of	Personal or Prejudicial	Action Taken
Cllr N Thwaites	All	Dulverton	Personal	Spoke and voted
Cllr T Venner	All	Minehead & SCC	Personal	Spoke and voted

A.28 Public Participation

No members of the public had requested to speak on any item on the Agenda.

A.29 Audit Committee Action Plan

There were no recorded actions from the last meeting on 6 July 2015.

A.30 Audit Committee Forward Plan

(Copy of the Audit Committee Forward Plan circulated with the Agenda).

RESOLVED that the Audit Committee Forward Plan, be noted.

A.31 Grant Thornton – Annual Audit Letter 2014/15

(Report No. WSC 177/15, circulated with the Agenda)

The purpose of this report was to summarise the key findings from the external audit work carried out in respect of the 2014/15 financial year and detailed the actual audit fees charged.

The Audit Manager for Grant Thornton outlined the Annual Audit Letter for 2014/2015, which summarised the key findings. This letter detailed the external auditor's unqualified opinion in respect of the accounts for 2014/15, qualified opinion in respect of the Value for Money (VFM) and the fees charged for 2014/15 were as planned (£56,700).

RESOLVED that the Auditor's update report on Annual Audit Letter be noted.

A.32 Grant Thornton External Audit – Audit Update

(Report No. WSC 178/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with a progress update regarding the work of the external auditors, Grant Thornton, together with information relating to emerging national issues which might be relevant to the Council.

The Audit Manager for Grant Thornton outlined the external auditor's progress as at December 2015 and included the status of all the planned audit work for the Council as well as details of any emerging national issues and developments that were relevant to the Council.

During the discussion of this item the following points were made:-

- Looking at page five, it was confirmed that all the planned audits would be delivered on time.
- Members were informed that the he audit on Housing Benefit Certification had been signed off

RESOLVED that the Auditor's update report be noted.

A. 33 SWAP Internal Audit – Progress Update 2015/2016

(Report No. WSC 179/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an update on the Internal Audit Plan 2015-16 and bring to their attention any significant findings identified through the work of SWAP

The Audit Manager from SWAP outlined and updated the Audit Committee on the schedule of the planned audits for 2015/2016 and also provided a progress update on current audits and their findings, which included any new significant weaknesses identified.

During the discussion of this item the following points were made:-

SWAP had no concern within their audits regarding the detection of fraud.

The Audits marked as 'not started' had been rolled over and were scheduled into the New Year's audit programme.

- Looking at page 51, regarding Private Water Supply, could the Auditor expand on this?

When asked to expand on the issue of Private Water Supply mentioned on page 51 of the report, the SWAP officer commented that this looked at properties within the district that were not connected to the mains supply as the Council had responsibility to test and maintain the supply.

- Were waterways and beach safety included in harbour safety audit?
It was confirmed that waterways and beach safety were not included in the audit of Harbour Safety but the Audit team would look into this and report back to the Committee.

RESOLVED that the progress made in delivery of the 2015/16 internal audit plan and the significant findings be noted.

A.34 SWAP Committee Report Re-design – Discussion Item

(Report No. WSC 180/15, circulated with the Agenda).

The purpose of the report was to ask the Members of the Audit Committee for their input into the internal audit committee report re-design process.

The Audit Manager from SWAP outlined their plans to undertake a review of our existing committee reports and would welcome the Audit Committee's input. SWAP were looking to agree one common template that could be run automatically through the use of our software. The new style of report would potentially be introduced from 1st April 2016. The Audit Manger provided a summary of Officer's representing WSC on their initial thoughts and feedback.

During the discussion of this item the following points were made:-

- The Committee agreed with initial feedback and comments from WSC officer representatives made to SWAP officers.

RESOLVED that:-

1. The information contained within the report be noted.
2. To provide the Audit Manager with the Committee's top five priority views and feedback on how they wanted the SWAP Committee report to be laid out.

A.35 Treasury Management Strategy Report

(Report No. WSC 182/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an early draft of the Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17 in line with the statutory and regulatory guidance. In addition, the report included the current Minimum Revenue Provision Policy and informed Members of the Committee that the policy was currently under review.

The Senior Corporate Accountant outlined the contents of the Council's draft of the Treasury Management Strategy Statement (TMSS), Annual Investment Strategy (AIS) and Minimum Revenue Provision (MRP) Policy and the technical detail and data within the report.

The TMSS, AIS and MRP Policies ensured the Council's compliance and provide a set of 'rules' to follow in dealing with investments, borrowing and cash flow management.

The Members were presented with a full copy of the draft Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17 with this covering report.

During the discussion of this item the following points were made:-

The Council had access to four money market funds. Officers would check if there was an actual fee for using this funds. The Council used ICD for pooled funds or money market funds.

In response to a question about the possibility of WSC loaning money to Town and Parish Councils, members were informed that the Council is investigating lending money to other Local Authorities and our ability to potentially offer better interest rates to smaller Local Authorities but we have to be mindful of lending money to Local Authorities with similar issues to WSC. We were seeking advice from the DCLG.

- Had officers contacted other Local Authorities regarding lending?
- Members were informed that with the branch of NatWest in Williton closed, NatWest were now offering a Mobile Bank service (Bank in Van), which included being able to deposit cash and cheques.

The Council were now looking at other options for banking facilities, now there was no branch in Williton.

RESOLVED:-

1. To support and provide comments for consideration in developing in the final strategies of the draft Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy for review and approval by Full Council.
2. That the Minimum Revenue Provision Policy was under review and any revisions would be incorporated with the final TMSS and Investment Strategies be noted.
3. That the draft Prudential Indicators contained within the TMSS be noted.

A.36 Six Month Review of Treasury Management Activity

(Report No. WSC 181/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an update on the Treasury Management position as at 30th September 2015.

The Finance Manager outlined the contents of the Treasury Management Update report looking at the sums of money that the Council had borrowed or invested. This report looked at the Council's performance of the treasury management function. This update is provided twice a yearly (mid-year and at year end).

During the discussion of this item the following points were made:-

*Looking at both long term and short term borrowing, it appears that long term borrowing gave a better interest rate by tying up funds for longer.
The Council only had £1 million of external borrowing at the moment.
Based on the opinion of ArlingClose, officers are aware of a predicted increase in bank interest rates next year..*

- The temporary breach identified on page 39 of the report was not considered to be a serious breach.
The Council is guided by the credit rating when looking into a change of banks and the Council would have to go out to tender before changing banking facility.

RESOLVED that the Treasury Management position as at 30th September 2015 be noted.

A.37 Corporate Counter Fraud Update Report

The purpose of the verbal report was to update the Audit Committee on the current progress of Corporate Counter Fraud service.

The Executive Director and Investigation and Intelligence Support Officer from SWAP gave a verbal update accompanied by a PowerPoint presentation on the progress of Corporate Counter-Fraud within West Somerset District Council.

SWAP officers during their presentation covered the following topics:

- Why was the partnership formed,
- What the partnership hope to achieve

- What was the management structure
- What were the officers backgrounds in Counter-Fraud
- What were the governance arrangements
- What were our targets
- What was the investigation plan and how was it constructed
- What had SWAP officers been working on
- What would SWAP officers deliver in the future
- How did Members and Officers make referrals

During the discussion of this item the following points were made:-

- With such a significant level of fraud, some members expressed surprise that a Counter Fraud Partnership had not been formed before now. Members were informed that *The Council received updates from National Association of Fraud Investigators (NAFI) as well as support from other Counter Fraud services who were already set up.*
The Council had joined a joint working group meet for cross boundary data sharing including working with DWP.
The Council received an initial set up grant, along with one year's funding but the setup fee had been carried over to allow for a second year.
WSC had invested £5k
The service aimed to be self-funding.
- If a case of fraud was discovered, taking it forward would be a *a joint process, working with the Local Authority legal team and SWAP.*
The Council and SWAP put any non-authority data fraud into Action Fraud UK.
This was set up and run by the Police.

RESOLVED that the verbal update on Corporate Counter Fraud be noted.

The meeting closed at 4.15 pm.