

AUDIT COMMITTEE

Minutes of the Meeting held on 23 March 2015 at 2.30 pm in the Council Chamber, Williton

Present

Councillor S Y Goss.....Chairman
Councillor E May.....Vice Chairman
Councillor MOA Dewdney
Councillor M Chilcott
Councillor D D Ross

Officers in Attendance

Director of Operations and Deputy CEO/S151 (S Adam)
Assistant Director Corporate Services (R Sealy)
Corporate Strategy and Performance Manager (P Harding)
Finance Manager (S Plenty)
Senior Debt and Recovery Officer (S Perkins)
Democratic Services Manager (R Bryant)
Democratic Services Officer (E Allfrey)

Also in Attendance

Peter Barber, Associate Director, Grant Thornton
Ashley Allen, Manager, Grant Thornton
Sarah Crouch, Executive, Grant Thornton
Alastair Woodland, Audit Manager, South West Audit Partnership (SWAP)

A.42 Minutes

(Minutes of the Meeting of the Audit Committee held on 2 December 2014, circulated with the Agenda)

RESOLVED that the Minutes of the Audit Committee held on 2 December 2014, be confirmed as a correct record.

A.43 Declarations of Interest

Name	Minute No.	Member of	Personal or Prejudicial	Action Taken
Cllr S Y Goss	All Items	Stogursey	Personal	Spoke and voted

A.44 Public Participation

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

A.45 Audit Committee Action Plan

There were no recorded actions from the last meeting on 2 December 2014.

A.46 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.47 Grant Thornton - Certification of Grant Claims

(Report No. WSC 65/15, circulated with the Agenda) .

The purpose of this report was to provide the Audit Committee with details of the external auditor's findings and recommendations in relation to their review of the Housing Benefit Scheme Claim for 2013/2014.

The key messages from the audit were:-

- 1) The Housing Benefit Claim was submitted and certified on time;
- 2) The claim needed to be amended by £480 which was not a significant amount. The Management had already responded to this recommendation;
- 3) Both the working papers and the additional papers were of a good standard; and
- 4) The fees had been reduced this year.

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

- Paragraph 2.1 of the report should be amended to reflect a link with the Council's Corporate Priorities.
- Did this level of audit need to continue?
This work was mandatory from the Audit Commission and a statutory piece of work on behalf of the Department of Work and Pensions. The Committee could obtain significant assurances from this report. Also the fee had been reduced significantly.

- How were the fees calculated?
The Audit Commission set the fees. The fee was based on the amount of work/time taken/errors found in 2011/2012 and a significant discount was then applied.

RESOLVED that the findings of the report be noted.

A.48 External Audit Grant Thornton) Update Report

(Report No. WSC 66/15, 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 key points were summarised as follows:-

- 1) The majority of the work had been completed;
- 2) The Audit Plan 2014/2015 would be presented at the next Audit Committee meeting in June 2015;
- 3) There was an additional fee of £900 relating to additional work undertaken to NDR3;
- 4) The remainder of the report drew attention to three recent Grant Thornton publications which were available online; and
- 5) The Department of Communities and Local Government (DCLG) had proposed to bring forward the audit deadline for 2017/2018 to the end of July.

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

- Local Authorities had found it ever more challenging to find savings and in the next twenty years the statutory services would be all Councils would be able to afford to deliver.
- It was surprising that 42% of respondents saw no difference in local healthcare governance particularly as there now was a local forum.
- Concern was raised that DCLG did not know what impact the cuts were having on Local Authorities. Service measures needed to be monitored centrally.
- Tough decisions would have to be made to reduce services. Discretionary services would have to be sacrificed and a distinction made between those services which were designated as 'statutory' or 'statutory plus'.

RESOLVED that the update report be noted.

A.49 Internal Audit Plan 2014-2015 Progress Update

(Report No. WSC 67/15, circulated with the Agenda)

The purpose of the report was to provide the Audit Committee with an update on Internal Audit Plan 2014-15 progress and bring to their attention any significant findings identified through SWAP's work.

The Audit Manager summarised the key points as:-

- 1) Since the December update no 'partial' or 'non assurance' audits had been awarded;
- 2) There were no significant Corporate issues;
- 3) SWAP had undergone major restructuring; and
- 4) 95% of the Audit Plan would be delivered.

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

- How could the costs of outside agencies working for the Council be controlled?
- Why could only 95% of the plan be delivered?
The plan had only been finalised in September/October 2014 but all of the major risks for the Council were covered.
- The results showed how far WSC had come in the eight years since the Audit Commission had threatened a take over.

RESOLVED that the progress made in the delivery of the 2014/2015 Internal Audit Plan be noted.

A.50 Internal Audit Plan 2015-2016 and Internal Audit Charter

(Report No. WSC 68/15, circulated with the Agenda).

The purpose of the report was to inform the Audit Committee of the proposed work to be undertaken by SWAP during 2015-2016, to seek approval of the Internal Audit Charter which set out the nature, role responsibility, status and authority of internal auditing within WSC and to outline the scope of the internal audit work.

The Audit Manager summarised the key points as:-

- 1) Some minor changes had been made to the Charter to reflect changes in roles and responsibilities and to address some of the requirements of the Public Sector Internal Audit Standards;
- 2) The plan for 2015/2016 had been approved by the Joint Management Team; and

- 3) As with previous years the plan would have to remain flexible.

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

- Asset Management had not been covered last year and was not going to be picked up again this year?
Key financial risks were going to be covered. The plan was fluid and it was a good start;
- Was 15 days too large an allocation for Waterways/Beach Safety?
The audit of Waterways/Beach Safety would also include Public Risk. Unused days would be allocated elsewhere if necessary.

RESOLVED that:-

- (i) The 2015-16 Internal Audit Plan be noted and approved; and
- (ii) The Internal Audit Charter be noted and approved.

A.51 Risk Management Update

(Report No. WSC 63/15, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an update on the corporate risks which were being managed by the Joint Management Team (JMT).

The Corporate Strategy and Performance Manager summarised the key points as:-

- 1) Since the last update on 2 December 2014 no new risks had been added to the register and none removed.
- 2) The description of the risk for risk No.1 had been changed as the JMASS savings had largely been delivered and the description of risk No 16 had been widened to include staff engagement.
- 3) The Corporate Risk Register was a joint one between WSC and TDBC and was formally reviewed by JMT on a quarterly basis.
- 4) The Councils were members of the Association of Local Authority Risk Managers (ALARM) where they shared corporate risk registers and discussed emerging risks.

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

- The Council was in a financially worse off position than a

couple of years ago even though huge cuts had been made. A structure was in place that could not be afforded?

No Local Authority was without Medium Term Financial Plan risk. JMASS would endeavour to make it more sustainable.

- A further request for payroll and pension costs over the next five years was made.

RESOLVED that the current position in relation to Corporate Risk be noted.

A.52 Hinkley Point Project Update

(Report No.WSC 64/15, circulated with the Agenda).

The purpose of this report was to provide a summary of the latest financial monitoring in respect of Hinkley Point C Section 106 Agreement contributions received, how they had been allocated and spent.

The Finance Manager summarised the key points as:-

- 1) WSC had received £11,898,000 from EDF to date and had spent £1,894,000.
- 2) Two further payments from EDF were due in May 2015 and May 2016.

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

- Hinkley C needed Auditing and Regular Financial updates as it was a big risk.
- When the money had gone what impact would this have on the Council?

RESOLVED that the Hinkley Point Project update be noted.

A.53 Debt Analysis Report - As at 31 December 2014

(Report No.WSC 57/15, circulated with the Agenda)

The purpose of the report was to provide the Audit Committee with an update on the level of debts outstanding to the Authority as at 31 December 2014.

The Senior Debt and Recovery Officer summarised the key points as:-

- 1) The newer debts were comparable with the previous year and the older

- debts were down when compared to the previous year.
- 2) Write off values remained very low.
 - 3) Overpayments had gone up mainly due to the Department of Work and Pensions (DWP) receiving data called Real Time Info (RTI).
 - 4) The Council Tax debt collection rate was a healthy 84%.
 - 5) Business Rate collection had fallen because the twelve monthly regulation had come into effect on 1 April 2014.

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

- Outstanding appeals on Business Rates were a huge risk to the Council and this needed to be reported. What sums were likely to be involved?
- Maintaining the collection rate was crucial. Would it be fairer to allow businesses to spread their Business Rate costs over 12 months?
- The DWP accolade was well deserved.

RESOLVED that the Debt Analysis Report be noted.

The meeting closed at 3.50 pm.