

AUDIT COMMITTEE

Minutes of the Meeting held on 24 March 2014 at 4.30 pm in the Council Chamber, Williton

Present

Councillor S GossChairman
Councillor E MayVice Chairman

Councillor M O A Dewdney – from Item 10
Councillor D D Ross

Councillor R P Lillis
Councillor D J Sanders

Members In Attendance

Councillor K V Kravis

Officers In Attendance

Section 151 Officer (S Adam)
Assistant Director Corporate Services (R Sealy)
Principal Accountant/Deputy Section 151 Officer (S Plenty)
Performance & Efficiencies Manager (K Batchelor)
Meeting Administrator (H Dobson)

Also In Attendance

Peter Barber, Associate Director, Grant Thornton
Claire Hodgson, Audit Manager of South West Audit Partnership (SWAP)

A42 Apologies for Absence

An apology for absence was received from Councillor M J Chilcott.

A43 Minutes

(Minutes of the Meeting of Audit Committee held on 3 December 2013, circulated with the Agenda).

RESOLVED that the Minutes of the Meeting of Audit Committee held on 3 December 2013 be confirmed as a correct record.

A44 Declarations of Interests

Members present at the meeting declared the following personal interests in their capacity as a Member of a County, Parish or Town Council:

Name	Minute No	Description of Interest	Personal or Prejudicial	Action Taken
Cllr S Y Goss	All	Stogursey	Personal	Spoke and voted

A45 Public Participation

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

A46 Audit Committee Action Plan

(Audit Committee Action Plan, circulated with the Agenda).

With reference to Minute No. A38, Actuarial Review, Members noted that the Principal Accountant would confirm actual numbers of the active members, deferred pensioners and pensioners after the meeting.

RESOLVED that the Audit Committee Action Plan, be noted.

A47 Audit Committee Forward Plan

(Audit Committee Forward Plan, circulated with the Agenda).

RESOLVED that the Audit Committee Forward Plan be noted.

A48 Risk Management Update

(Report No. WSC 63/14, circulated with the Agenda).

The purpose of the update was to provide an update on progress with the council's approach to Risk Management. Further, the new Joint Management Team (JMT) has recently undertaken a fundamental review and refresh of the Corporate Risk Register which has been created as a joint risk register for West Somerset and Taunton Deane Borough Council. This will enable JMT to manage strategic risks for both councils across the 'One Team' organisation.

The Lead Member for Resources and Central Support reported that there were minor changes to the Risk Management Strategy to reflect the changes to senior management from January 2014. The Corporate Risk Register sets out the risks that both Councils shared and those that were pertinent to West Somerset Council.

During the discussion the following points were raised:

- The formation of the joint risk register and joint risk strategy was a very good example of increased resilience. Not only did it provide savings but also a better organisation.
- The Performance and Efficiencies Manager noted the suggested amendments:
 - It was requested that tables not be spread over more than one page, unless necessary.
 - That Full Council be included in figure 3 – Roles and Responsibilities, in order for risk management to be most effective and become part of the Council's culture.
- The Assistant Director Corporate Services would enquire as to whether the Taunton Deane Borough Council Risk Register might be shared with WSC.

The Assistant Director Corporate Services provided an explanation as to the scoring of the risks set out in the register and advised that the wider transformation programme would be a very detailed and comprehensive piece of work. As yet it

was unknown as to how exactly it would work, what the changes would be and what appetite members would have to making changes in both Councils. The risk register was a moment in time and would be kept under constant review.

RESOLVED (1) that the amendments to the Risk Management Strategy reflecting the new Management Structure in place, be noted;

RESOLVED (2) that the following be noted:

- progress regarding Corporate Risk Management,
- the updated combined Corporate Risk Register, and
- the approach and actions to achieve joint Risk Management for West Somerset Council and Taunton Deane Borough Council.

A49 Certification Report 2012/13 for West Somerset Council

(Report No. WSC 54/14, circulated with the Agenda).

The purpose of the update was to summarise their overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

The Associate Director for Grant Thornton presented the report. The Housing and Council Tax Benefit Subsidy and National Non-Domestic Rates Returns totalling £27M had been submitted by the required deadline with supporting paperwork. He highlighted that due to the complexity of the work it was not unusual for errors to be identified, therefore this was a very good report. He confirmed that the fees contained within Appendix C to the report were correct.

Members thanked the Associate Director for the clear report.

RESOLVED that the Certification Report 2012/13 for West Somerset Council, be noted.

A50 West Somerset District Council Audit Plan 2013/14

(Report No. WSC 55/14, circulated with the Agenda).

The purpose of the update was to enable Grant Thornton to set out the audit plan for West Somerset District Council in respect of the 2013/14 financial year.

The Associate Director for Grant Thornton set out the report advising how the Council's business and identified risks informed the audit approach and ensured compliance with International Standards on Auditing.

The Chairman was pleased to note that there were no significant issues arising from the interim audit work to bring to the Committee's attention.

RESOLVED that the West Somerset District Council Audit Plan for 2013/14, be noted.

A51 Audit Committee Update for West Somerset Council

(Report No. WSC 56/14, circulated with the Agenda).

The purpose of the update was to update the Committee on the work of the external auditor, Grant Thornton, and provides a useful update on emerging national issues that may have relevance to this Authority.

The Engagement Lead for Grant Thornton referred to the progress made to-date, that work was on target and that the 2013-14 Accounts Audit Plan was now complete. He highlighted the national issues including the Local Audit and Accountability Act whereby the Council would at some point in the future have to establish an auditor panel with independent members that will have responsibility of appointing the Council's auditors. Further, estimating the impact of business rate appeals and the expected increase in appeals and how that would relate to Hinkley and that it was likely to be a significant entry in the Council's accounts.

In response to concerns regarding provisions within the Council's budget relating to unplanned outages the Section 151 Officer advised that they were working as closely as possible with the Valuation Office to get as accurate a picture as possible. The Engagement Lead informed that they would be looking to see that the Council had used all appropriate information to make as informed a decision as possible.

On consideration of the national issues relating to alternative delivery methods in particular contracts, the importance of ensuring that the Council were in a position to be able to deliver 'water-tight' contracts was highlighted.

With regard to concerns relating to Universal credit, members noted that once the Council was in receipt of a detailed understanding from central government as to what and when it was to happen then members would be briefed accordingly. Government were going to expand the trials to establish whether Job Seekers Allowance and couples claiming benefit could be absorbed into Universal Credit. Also, it appeared that central government were still being driven with an end date of 2017 for Universal Credit to be achieved.

RESOLVED that the Audit Committee Update for West Somerset Council, be noted.

A52 Internal Audit Charter

(Report No. WSC 57/14, circulated with the Agenda).

The purpose of the report was to set out the nature, role, responsibility, status and authority of internal auditing within the West Somerset Council and to outline the scope of the internal audit work.

The Audit Manager of South West Audit Partnership (SWAP) presented the report advising that the Charter was updated every year and advised of the minor changes.

RESOLVED that the Internal Audit Charter from the South West Audit Partnership be noted.

A53 Internal Audit Plan 2014/15

(Report No. WSC 58/14, circulated with the Agenda).

The purpose of the update was to inform the Audit Committee of the proposed work to be undertaken by South West Audit Partnership during 2014/15.

The Audit Manager of SWAP advised that the Internal Audit Plan sets out the work of the partnership for the year 2014/15. The plan was aligned with Taunton Deane and also had common areas with other local authorities in Somerset.

RESOLVED that the South West Audit Partnership Internal Audit Plan for 2014/15 be noted.

A54 Report of Internal Audit Activity Quarter 4, 2013/14

(Report No. WSC 59/14, circulated with the Agenda).

The purpose of the update was to inform the Audit Committee of the internal audit activity in respect of Quarter 4, 2013/14 and to identify any level 4 and 5 control weaknesses.

The Audit Manager of SWAP summarised the report and advised that Managers had committed to producing an action plan by the end of April to address the two level 4 recommendations, as listed in Appendix C to the report. She confirmed that a follow-up audit regarding Social Media was planned for 2014/15.

RESOLVED that the report of Internal Audit Activity Quarter 4, 2013/14, be noted.

A55 Accounting Policies – 2013/14 Statements of Accounts

(Report No. WSC 60/14, circulated with the Agenda).

The purpose of the update was to request that members of the Audit Committee approve the accounting policies for 2013/14 in order that the Statement of Accounts can be prepared on this basis.

The Principal Accountant advised that the Accounting Policies, used to prepare the accounts, had been updated where necessary using the Code of Practice on Local Government Accounting in the UK 2013/14. There were no major changes. The accounting policies would be reviewed again during the closedown process of the accounts and any changes would be brought back to the Audit Committee.

RESOLVED that the Accounting Policies, as detailed in Appendix A and attached to the report, be approved.

A56 Debt Analysis Report – as at 31 December 2013

(Report No. WSC 62/14, circulated with the Agenda).

The purpose of the update was to provide the Audit Committee with an update on the level of debts outstanding to the Authority as at 31 December 2013.

The Principal Accountant presented the report advising that the Committee's comments regarding the level of detailed information provided had been taken into

consideration and would continue to be refined. The overall outstanding corporate debt from all invoices raised as at 31 December 2013 and since April 2003 was approximately 0.04%.

Members thanked the Principal Accountant for the improved report and asked whether it was possible to make improvements to procedures in order to reduce housing benefit overpayments and put in place measures to avoid debts building up regarding business rate debt.

In response the Section 151 Officer informed that the Council's procedures were strong and robust. She suggested the Audit Committee might wish to consider whether this level of debt could go to a Scrutiny Committee as part of a review of debt with relevant officers in attendance to answer questions.

The Principal Accountant confirmed that the Council were recollecting some debts that had been previously written-off and that he would advise the Committee of the details after the meeting.

RESOLVED that the Debt Analysis Report as at 31 December 2013, be noted.

A57 Treasury Management Strategy Statement 2014/15

(Report No. WSC 61/14, circulated with the Agenda).

The purpose of the update was to approve the Treasury Management Strategy Statement for 2014/15.

The Principal Accountant informed that the Treasury Management Strategy Statement had been prepared in conjunction with Arlingclose, who would be the Council's treasury management advisors from 1 April 2014. Hinkley Point C and associated anticipated receipts had been incorporated into the strategy. He highlighted the fact that the credit rating of National Westminster Bank plc had been downgraded to BBB+, on the advice of Arlingclose the Council had relocated some of its surplus monies.

In response to questions the Principal Accountant confirmed that if necessary it would be possible to extend the short-term loan should asset sales not be realised within the necessary time frame. Further, he would confirm the lending rate of the short-term loan after the meeting.

RESOLVED that the combined Treasury Management Strategy, Minimum Revenue Policy and Annual Investment Strategy for 2014/415 be noted and recommended for approval by Full Council.

A58 Consideration of an Independent Member

The Chairman asked the Committee for their views as to whether they were of the opinion that it was necessary to appoint an Independent Member onto the Audit Committee.

RESOLVED that the Audit Committee did not deem it necessary to appoint an Independent Member at this time and that should the Audit Committee consider the situation to change in the future this matter be brought back to the Audit Committee to reconsider.

The meeting closed at 6.13 pm.

DRAFT