

AUDIT COMMITTEE

Minutes of the Meeting held on 21 March 2016 at 2.00 pm in the Council Chamber, Williton

Present

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

Members In Attendance

Councillor M Chilcott

Officers In Attendance

Director of Operations, s151 Officer and Deputy CEO (S Adam)
Corporate Strategy and Performance Manager (P Harding)
Revenues and Benefits Manager (H Tiso)
Democratic Services Officer (E Hill)

Also In Attendance

Kevin Henderson, Manager, Grant Thornton
Alastair Woodland, Associate Director, South West Audit Partnership (SWAP)

A.38 Apologies for Absence

Apologies were received from Councillor H Davies

A.39 Minutes

(Minutes of the Meeting of the Audit Committee held on 1 December 2015, circulated with the Agenda)

RESOLVED that the Minutes of the Audit Committee held on 16 December 2015, be confirmed as a correct record.

A.40 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.41 Public Participation

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

A.42 Audit Committee Action Plan

There were no recorded actions from the last meeting on 1 December 2015.

A.43 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.44 Grant Thornton External Audit – Audit Plan

(Report No. WSC 43/16, circulated with the Agenda)

The purpose of this report was to introduce the External Audit Plan for 2015/16. This was prepared by our external auditors, Grant Thornton, and was detailed in the attached appendix to the covering report.

The Audit Manager for Grant Thornton outlined the report which contained their approach to the 2015/16 audit programme, providing information on the work already undertaken, the tasks yet to be completed, the timescales and the auditors view on risk.

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

- There had been a change to the way surplus assets were valued in comparison to operational assets and investment in property. The Council held 150 premises currently and a piece of work was ongoing assessing those assets and any associated risks, which was being feed into a work plan.
- The Value for Money (VfM) conclusion given in September 2016 will be based on past performance but take into account the position going forward and any associated risks. The position for the Council's VfM for next year would be similar to the position of the previous year, although without the Strategic Financial Planning, which allowed the Council to balance their budgets at the end of this financial year.
- The Council's timetabled report concerning the Joint Management and Shared Service would be regarding the Business Cases including viability, and would come before Members sometime in June/July. This would be reviewed and taken into account prior to Auditors final position being given.

RESOLVED that Grant Thornton's External Audit Plan for 2015/16 be noted.

A.45 Grant Thornton External Audit – Audit Update

(Report No. WSC 44/16, circulated with the Agenda).

This report was a regular update report for the Audit Committee by the external auditors, Grant Thornton. Specifically the report provided an update in relation to their work for the 2015/16 financial year and also provided an update in relation to emerging national issues.

The Audit Manager for Grant Thornton outlined the external auditor's progress as at 31 March 2016.

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

- Concerns were expressed that bringing forward the deadline for the Statement of Accounts would apply more pressure to the service team. Was this move necessary? This was a national directive from the Government requiring Local Authorities to have their Accounts prepared by 31 May instead of the 31 July and this was to be in place in the 2017/18 financial year. The deadline was being moved in small increments each year, rather than wholesale change.
- Members were informed that this change would allow the Government to report on public spending much earlier and then set the budget following this report.
- Concerns were raised that other areas of the service would suffer as a consequence of these new arrangements for the deadline of the Statement of Accounts.

RESOLVED that the Auditor's update report be noted.

A. 46 SWAP Internal Audit – Progress Update 2015/2016

(Report No. WSC 45/16, circulated with the Agenda).

The purpose of the report was to update the Audit Committee on the Internal Audit Plan 2015-16 progress and bring to their attention any significant findings identified through our work.

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.

Members were also provided with a schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

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

- Concerns were expressed about the lack of records and data held by the Council on Assets. An ongoing piece of work, which included a stock condition survey was being undertaken to assess and record the condition of Council's assets and stock. This would lead to a plan of works to bring assets up to date as well as a schedule of maintenance required if the Council were to keep those assets.
- Discussion was had on how the Council was going to move forward with identified weakness within Asset Management and how these would be followed

up.

- Members requested an update on the progress of the identified weaknesses. Auditors would complete an additional review of this area but until this was completed, the lead Assistant Director would provide an interim update at the next meeting.

RESOLVED that the progress made in delivery of the 2015/16 Internal Audit Plan and any significant findings be noted.

A.47 SWAP Internal Audit – Audit Plan 2016/17 and Audit Charter

(Report No. WSC 46/15, circulated with the Agenda).

The purpose of the report was to inform the Audit Committee of the proposed work to be undertaken by South West Audit Partnership during 2016- 17 and to seek approval of the Internal Audit Charter which set out the nature, role, responsibility, status and authority of internal auditing within West Somerset Council and to outline the scope of the internal audit work.

The Audit Manager from SWAP outlined West Somerset's audit plan for 2016-17 and that it was broken down into five audit categories. Full details of the Annual Internal Audit Plan 2016-17 were provided to the Committee within an attached appendix.

Also summarised for the Committee were minor changes to the Internal Audit Charter, which reflected changes in roles and responsibilities, job titles, and to address some of the minor requirements of the Public Sector Internal Audit Standards.

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

- Discussion surrounding the length of time allocated for individual internal audits with specific concern over the length of time for Members Expenses compared with Council Tax.
- The allocated time was an indication as there was a specific procedure, set framework and process that auditors adhered to, which also included benchmarking and comparison. This process had to be complete before the auditors issued their final opinion.

RESOLVED that:-

1. The 2016-17 internal audit plan be noted and approved.
2. The Internal Audit Charter be noted and approved.

A.48 Refresh of Anti-Fraud Policy – Council Tax Penalties

(Report No. WSC 47/16, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an update on the refresh of the Anti-Fraud and Corruption Policy and Strategy to recognise South West Counter Fraud Partnership (SWCFP's) anti-fraud activities, as well as updating for procedural changes.

The Revenues and Benefits Manager outlined the changes to the refreshed Strategy, which included procedural changes as well as now providing guidance on the options available to deal with those committing Council Tax or Council Tax Rebate fraud or those who negligently make incorrect statements, or fail to notify a change affecting their entitlement to a Council Tax discount, exemption or reduction.

Provided for the Committee's attention and information was a copy of the revised policy and strategy as appendix to the covering report.

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

- Discussion concerning prosecution of offenders and the circumstances that would warrant the Council proceeding with it, as the cost of prosecution could outweigh the amount of fraudulently monies gained.
- In response to a question on the scale of Council Tax Fraud effecting the Council, the Committee was informed that the partnership arrangement with South West Counter Fraud Partnership (SWCFP) went beyond just detecting and investigating Council Tax Fraud. The Council's contribution per year was £5000.
- Concerns were expressed that with the current cost to the Council maintaining our position within the SWCF partnership, Members would want to see results and recovery of fraudulently gained monies. SWCFP had several active cases, that were being investigated and these were ongoing. SWAP would provide an update on the progress of the SWCF Partnership to the Committee.
- Concerns that the SWCFP was currently majority funded by the Government and with the cuts to budgets, would the Council and the Service team have the capacity to continue with the work. This function was already completed by the Revenues and Benefits department with the completion of successful cases, the partnership aimed to be self-funding.
- Discussion on the ways and means by which SWCFP and the Council detected and investigated fraud effecting the Council.
- Concerns were expressed over the effect of the incompatible IT systems between, TDBC, WSC and SWAP and how this might affect the detection and investigation of fraud. Currently, both WSC and TDBC Revenue and Benefits service used the same IT software.

RESOLVED that:-

1. The Officer's report be noted.
2. The draft revised Anti-Fraud and Corruption Policy and Strategy for consideration should be approved by Cabinet.
3. Cabinet be recommended to approve the introduction of penalty charges to assist in the prompt and accurate assessment of Council Tax liability.

A.49 Corporate Risk Management Update

(Report No. WSC 48/16, circulated with the Agenda).

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

The Corporate Strategy and Performance Manager summarised the current strategic risks identified and approved by JMT as well as any mitigating actions that had continued to be delivered in respect of the various risks, which were set out in the risk register.

An extract of the corporate risk register was provided as an appendix with the covering report.

RESOLVED that the current position in relation to corporate risk be noted.

A.50 Corporate Annual Governance Action Plan

(Report No. WSC 49/16, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with a position statement regarding the 2015/16 Annual Governance Statement Action Plan.

The Corporate Strategy and Performance Manager summarised the contents of the Annual Governance Action Plan, which consisted of two parts. The first part identified new actions within the most recent Annual Governance Statement (2015/16) and the second part identified those actions, which had been carried over from 2014/15.

For the Committee's information a section of the Annual Governance Action Plan had been provided with the covering report.

RESOLVED that the current progress in relation to completing the actions identified within the 2015/16 Annual Governance Statement be noted.

A.51 SWAP Audit Actions – Summary of Overdue Level 4/5.

(Report No. WSC 50/16, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with a position statement on the SWAP audit recommendations for West Somerset Council, which were assessed as high and very high priority, where the agreed remedial action was overdue.

The Corporate Strategy and Performance Manager summarised the Priority Four and Five audit actions that affected West Somerset Council, where the agreed remedial action was overdue.

For the Committee's information a summary of the overdue actions had been provided with the covering report.

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

- Members requested the inclusion of an additional column detailing whether or not

the action had been carried forward or completed.

- In response to a question about the use of outside resources, members were informed that the Council would first look to our internal expertise, which would include Shape, then only going externally for specific paid services when necessary.
- Discussion concerning the training of staff and the avenues for this such as service specific or corporate training programme.

RESOLVED that the Officer's Summary Report on Overdue Level 4/5 Audit Actions be noted.

The meeting closed at 4.05 pm.