

AUDIT COMMITTEE

Minutes of the Meeting held on 19 March 2019 at 2.00 pm in the Council Chamber, Williton

Present

Councillor R Lillis.....Chairman

Councillor K Mills
Councillor R Woods

Councillor P Pilkington

Officers In Attendance

Corporate Strategy and Performance Officer (R Doyle)
Head of Financial Services and S151 Officer (P Fitzgerald)
Democratic Services Officer (C Rendell)

Also In Attendance

Geri Daly, Grant Thornton
Aditi Chandramouli, Grant Thornton
Alastair Woodland, Assistant Director, South West Audit Partnership (SWAP)

A.47 Apology for Absence

An apology was received from Councillor N Thwaites.

A.48 Minutes

(Minutes of the Meeting of the Audit Committee held on 3 December 2018, circulated with the Agenda)

RESOLVED that the Minutes of the Audit Committee held on 3 December 2018, be confirmed as a correct record.

A.49 Declarations of Interest

Name	Minute No.	Member of	Personal or Prejudicial	Action Taken
Cllr P Pilkington	All	Timberscombe Parish Council	Personal	Spoke and voted

A.50 Public Participation

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

A.51 Audit Committee Action Plan

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

There were four recorded actions from the last meeting on 4 December 2017, all of which had been resolved.

RESOLVED that the Action Plan be noted.

A.52 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.53 Grant Thornton External Audit – Certification Report

(Report No. WSC 20/18, circulated with the Agenda).

The purpose of the report was to certify certain claims and returns submitted to West Somerset Council (WSC). This certification typically took place six to nine months after the claim period and represented a final but important part of the process to confirm the Council's entitlement to funding.

The claim and return submitted by the Council totalled £12,700,000. This was a significant financial matter for the authority and proper arrangements were in place to meet the conditions of the grants. The report indicated that a qualification had been made in respect of the Housing Benefit Scheme Claim.

During the discussion of this item the following comment was made:-

- The Vice-Chair in the Chair thanked the Finance Team for their hard work and praised the result that had been achieved.

RESOLVED that the Committee noted the report from the External Auditor.

A.54 Grant Thornton External Audit – Audit Plan

(Report No. WSC 22/18, circulated with the Agenda).

The purpose of the report was to introduce the External Audit Plan for 2017-2018. This was prepared by our external auditors, Grant Thornton. The report summarised their approach to the 2017-2018 audit programme, work completed to date, work to follow and the auditors view on risk.

The significant risks that required specific audit consideration had been identified:-

- Valuation of Net Pension Liability; and
- Valuation of Property Plant and Equipment.

The planned materiality had been determined to be £409,000, which equated to 1.8% of the gross expenditure for the prior year. The Auditors were obliged to report uncorrected omissions or misstatements other than those which were trivial to those charged with governance.

The risk assessment had identified that the Medium Term Financial position, which included the Transformation Programme and proposal for a New Council, to be the significant risk in the value for money assessment.

RESOLVED that the Committee noted the report from the External Auditor.

A.55 Grant Thornton External Audit – Progress Report and Update

(Report No. WSC 8/19, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with a progress update by the external auditors, Grant Thornton and an update in relation to emerging national issues which might be relevant to the Council.

During the discussion of this item the following point was made:-

- Members queried how the statement of accounts for both West Somerset Council (WSC) and Taunton Deane Borough Council (TDBC) were signed off in the New Council.

An explanation would be given in the last item of the agenda.

RESOLVED that the Committee noted the report from the External Auditor.

A.56 Grant Thornton External Audit – Audit Plan 2018/19

(Report No. WSC 9/19, circulated with the Agenda).

The purpose of the report was to introduce the Audit Plan 2018/19 to the Audit Committee. The report summarised their approach to the 2018/19 audit programme, together with the auditors review on risk, materiality and value for money.

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

- Members were pleased to see that checks were in place on the redundancy payments.
Checks had always been in place for senior officer figures.
- Members queried whether there was any guidance on future arrangements.
Discussions were being carried out to check governance was in place for future decisions and that the arrangements in place were robust for the future.
- Members queried whether the External Auditors could hold informal discussions or give advisories to Local Councils.
The External Auditors could not give advice, they wanted to build good working relationships and continue to hold open discussions. If something illegal was being done, then they would be obliged to act.
- Members queried whether the future model was sustainable.
The External Auditors released a report a few years ago which gave a future model on what they thought Local Government would look like.

RESOLVED that the Committee noted the Audit Plan 2018/19 from the External Auditor.

A.57 Grant Thornton External Auditors – Housing Benefit Subsidy Certification Report 2017/18

(Report No. WSC 10/19, circulated with the Agenda).

The purpose of the report was to introduce the Certification Report 2017/18 to the Audit Committee which had been compiled by the external auditors, Grant Thornton, in relation to the certification of the Housing Benefit Subsidy Claim.

RESOLVED that the Committee noted the report from the External Auditor.

A.58 SWAP Internal Auditors – Audit Plan 2018/19 Outturn Report

(Report No. WSC 11/19, circulated with the Agenda).

The purpose of the report was to update the Audit Committee on the Internal Audit Plan 2018/19 progress and to bring to their attention any significant findings identified through their work.

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

- Members queried the procurement strategy going forward.
The approach to procurement was still going ahead and officers were aware that the strategy was out of date as it still referred to South West One, so work was needed to bring it in line with the new structure. The Strategy Specialist had been appointed and would carry out the work.
- Members highlighted the healthy organisation scheme and suggested that the use of amber indicator was quite negative and hoped outcomes were not that bad.
The report was a high level review and amber simply meant that there were some improvements still to be made.

RESOLVED that the Committee noted the progress made in delivery of the 2018/19 internal audit plan and the significant findings by the Internal Auditor.

A.59 SWAP Internal Auditors – Annual Opinion Report 2018/19

(Report No. WSC 12/19, circulated with the Agenda).

The purpose of the report was to inform the Audit Committee of the Annual Opinion Report 2018/19 from Internal Audit.

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

- Members queried where officers had agreed to stay on longer to assist with the transition period, would they stay until the new officer was in post to ensure continuity of service.
Risks had been highlighted and where possible officers had agreed to stay on for longer to assist and share data with colleagues. However, continuity would be different due to the new ways of working.
- Concern was raised that core services should be covered.
- Concern was raised about the process followed during Transformation and the speed of work whilst creating the New Council so close to the elections.
Due to the level of support from Central Government, the risks had been low. Transformation had to happen based on WSC and TDBC accounts and the reduced amount of funding available from Central Government. The timescale was restricted due to the elections, but it was decided the best course of action

was to create the New Council prior to the elections so that members of the public would vote for the new area rather than have elections for the old areas followed shortly by elections for the new area.

RESOLVED that the Committee noted the Internal Audit's Annual Opinion Report for 2018/19.

A.60 Corporate Risk Management Update

(Report No. WSC 14/19, 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 Senior Leadership Team (SLT). The Committee were invited to debate whether all necessary corporate risks had been identified.

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

- Concern was raised on the internal links and that certain departments used different systems at WSC and TDBC which could present some risks.
The risks could be addressed at departmental level, but would be checked.
- Concern was raised on the mismatch between commercialism and democracy.
That was a challenge for Local Government where there were financial challenges to raise new income. Councils needed to strike a balance between transparent and disclosure of commercial ventures.

RESOLVED that the Committee:-

- 1) Noted the current position in relation to the identification and tracking of corporate risks and discussed any areas of concern with officers present; and
- 2) Debated whether all necessary corporate risks had been identified.

A.61 Draft Annual Governance Statement 2018/19

(Report No. WSC 15/19, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with the Annual Governance Statement and to be transparent about the compliance with good governance principles. The report included how officers monitored and evaluated the effectiveness of their governance arrangements.

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

- Members queried the action plan and who it related to and whether Members needed to lead on some actions.
Senior officers should work alongside Members to achieve outcomes.
- Members queried the term 'adequate' used in the report.
Officers suggested that 'satisfactory' might be a better term to use.

RESOLVED that the Committee reviewed the draft Annual Governance Statement and recommended its adoption by the Leader of the Council and the Chief Executive.

A.62 Review of Effectiveness of Internal Audit

(Report No. WSC 16/19, circulated with the Agenda).

The purpose of the report was to inform the Audit Committee of the recent review of the effectiveness of the delivery of Internal Audit through SWAP during 2018/19.

RESOLVED that the Committee noted the findings of the review of effectiveness of internal audit for 2018/19.

A.63 Transitional Financial Arrangements

(Report No. WSC 17/19, circulated with the Agenda).

The purpose of the report was to advise the Audit Committee of the transitional arrangements with regard to the preparation of final accounts of both predecessor councils, TDBC and WSC.

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

- Member queried whether the Councillors of the New Council could sign off the accounts for WSC and TDBC.
Yes they could, the same process was followed after an election when new Councillors were elected. The new Councillors would receive training and would be shown previous minutes to inform them of what had previously occurred.
- Members thanked the officers for all their hard work and congratulated them on their achievements.

RESOLVED that the Committee noted the report.

(The meeting closed at 3.55pm)