

## AUDIT COMMITTEE

Minutes of a Meeting of the Audit Committee held in the Luttrell Room - County Hall, Taunton, on Thursday, 26 January 2017 at 10.00 am

**Present:** Cllr D Hill (Chairman), Cllr Coles, Cllr S Crabb, Cllr H Davies and Cllr A Dimmick

**Other Members present:** None

**Apologies for absence:** Cllr D Ruddle, Cllr J Edney, Cllr M Healey and Cllr D Yeomans

### 220 **Declarations of Interest** - Agenda Item 2

Members of the Audit Committee declared the following personal interests in their capacity as a Member of a District, City/Town or Parish Council:

Cllr S Coles	Taunton Deane District Council
Cllr S Crabb	Marston Magna Parish Council
Cllr H Davies	West Somerset District Council
Cllr D Hill	Sedgemoor District Council

Cllr Simon Coles further declared his membership of the Devon and Somerset Fire Authority.

Cllr Sam Crabb further declared his membership of Exmoor National Park Authority.

### 221 **Minutes from the meeting held on 29 November 2016** - Agenda Item 3

The Committee **agreed** that the minutes of the meeting held on 29 November 2016 were accurate and the Chairman signed them.

### 222 **Public Question Time** - Agenda Item 4

There were no members of the public present.

### 223 **External Audit Update** - Agenda Item 5

The Committee **considered** this report that was introduced by the Engagement Manager – Grant Thornton who began by providing a summary of the report, noting: the scale audit fee for 2016/17; that the 2017/18 audit plan would be available in March; that value for money work was on-going; that details of the audit of the Council's accounts would be brought to the July Audit Committee meeting; and that the Annual Audit letter would be brought to the October Audit Committee meeting.

The Engagement Manager – Grant Thornton also highlighted on-going work including 'round table' events on Mental Health and Sustainability along with a number of sources of useful information within Grant Thornton publications.

Members discussed the potential for their attendance at Grant Thornton events and workshops.

Members also discussed: timescales for the completion of the Council's accounts; changes to highways network asset accounting; changes to the 2016/17 CIPFA Code; and the continued availability of details of earmarked reserves within the primary statements, with further explanation and context being added by Engagement Lead – Grant Thornton.

Members requested that their thanks be passed to the finance officers involved in the completion of the Council's accounts.

It was further noted that the clerk would circulate the Grant Thornton publication 'Delivering new homes – Routes for development for Local Authorities'.

The Committee accepted the report.

## 224 **Internal Audit Update - Agenda Item 6**

The Committee considered this report that summarised the work completed since the last meeting by the Internal Auditors in delivering the 2015/16 Audit Plan. The Assistant Director – SWAP highlighted the summary of partial opinion audits as detailed in the report, and informed the Committee of on-going work to share expertise and become more effective. In addition, the Director of Finance and Performance informed the Committee of work being undertaken regarding out of county placements.

Members expressed concern at the findings of the Corporate Health & Safety – Premises Management Audit, and requested that the audit findings be highlighted to the Senior Leadership Team and the Cabinet. Members also requested a progress update at the next meeting of the Audit Committee. Members further noted their dissatisfaction at the progress made regarding the audit Early Years Entitlement Claims 15/16 Themed Report & Follow-up and requested this be brought to the next meeting of the Audit Committee. The Assistant Director – SWAP informed the committee on on-going work with the Early Years Commissioning Team, and that a system had been agreed to revisit the partial assurance audits.

Member discussion further included: the level of surplus balances held by schools; borrowing money from school reserves; and Academy funding.

The Committees attention turned to controls regarding the cost of out of county placements for children looked after. The Assistant Director – SWAP informed the Committee of the issues identified, and the Director of Finance and Performance highlighted: the lack of available accommodation within Somerset; and the work of the Scrutiny for Policies, Children and Families Committee.

The Strategic Manager – Financial Governance also informed the Committee of the loss of Audit days due to delays in officer responses, and Members noted their dissatisfaction, but were pleased to hear of the on-going work in this area.

The Committee accepted the report.

**225 Risk Management Update - Agenda Item 7**

The Committee considered this report in detail and held a discussion of the latest risk management update.

The Service Manager – Governance informed the Committee that ORG0043 Maintain a Sustainable Budget remained the Council's critical risk. The Service Manager further highlighted the reduction in the number of risks rated as high, noting that ORG0038 – disruption to back office services at the end of the SWOne contract, and ORG0035 – school place planning had been moved from Corporate / Strategic risks to Commissioning / Service Delivery risks. The Ofsted monitoring visit letter as appended to the report was also highlighted.

Given the 'partial assurance' rating of the Corporate Health & Safety – Premises Management Audit, Members questioned if the risk score for ORG0011 Health and Safety should be increased. The Service Manager – Governance assured the Committee that he would raise with the risk owners.

The Committee accepted the update.

**226 Appointment of External Auditors - Agenda Item 8**

The Strategic Manager – Financial Governance introduced the report, noting that the Audit Committees opinion was being sought in advance of a full Council decision. The Strategic Manager highlighted the three options considered, and informed the Committee that officers recommend option 1 'to opt into a sector lead body' as the preferred way forward. It was further noted that this was the Local Government Associations preferred option.

The Committee unanimously agreed to support the officer recommendation to progress option 1 'to opt into a sector lead body'.

**227 Anti-Fraud and Corruption Review - Agenda Item 9**

The Committee considered and discussed this report that provided information about continuing anti-fraud work being undertaken across the Council and also new initiatives to protect against corruption. Attention turned to on-going fraud cases, with further detail being provided by the Strategic Manager – Financial Governance. The Committee noted that the majority of Local Authority fraud was Council Tax related.

Members thanked officers for their work, and noted their continued support for a zero tolerance policy with regard to fraud.

**228 Debt Management - Agenda Item 10**

The Committee considered this report that provided an update regarding the current position in regard to recovery of outstanding money owed to the Council. Members were pleased to note that short term debt had fallen, but were concerned to see that there was an increase in debts over 90 days old.

The Strategic Manager – Financial Governance informed the Committee of the initial findings on the “Partial” Debt Management audit that he had commissioned and pointed out some of the key problems that had been found. It was agreed that the management actions for the audit would come back to June’s Audit Committee when they had been addressed.

The Committee were further informed of on-going work to ensure that debts are passed to the Council’s Debt Recovery Officer more promptly, and noted that letters detailing legal action often prompt payment.

Members discussed NHS debts, and noted that this represented a large proportion of the total debt owed to the Council, and questioned the number of debts ‘on hold’. The Strategic Manager – Financial Governance informed the Committee of work to limit the number of staff who have authority to put debts ‘on hold’.

**229 Committee Future Workplan - Agenda Item 11**

The Committee considered this report that provided an opportunity to update the current work programme.

Members reiterated that they would like the following items to be added to the Committee forward work programme:

- Corporate Health & Safety – Premises Management Audit
- Early Years Entitlement Claims 15/16 Themed Report & Follow-up

**230 Any other urgent items of business - Agenda Item 12**

There were no other items of business.

**(The meeting ended at 11.57 am)**

**CHAIRMAN**