

AUDIT COMMITTEE

Minutes of a Meeting of the Audit Committee held in the Luttrell Room - County Hall, Taunton, on Thursday 29 June 2017 at 2.00 pm

Present: Cllr D Ruddle (Chairman), Cllr N Bloomfield (Vice-Chairman), Cllr M Caswell, Cllr S Coles, Cllr B Filmer, Cllr J Lock, Cllr F Purbrick and Cllr G Verdon

Other Members present:

Apologies for absence: Cllr M Rigby

2 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 N Bloomfield, Cllr M Caswell, Cllr S Coles, Cllr B Filmer, Cllr F Purbrick, and.

Cllr Simon Coles further declared a personal interest regarding his membership of the Devon and Somerset Fire Authority.

3 Minutes from the last meeting - Agenda Item 3

The Committee agreed that the minutes of the meeting held on 30 March 2017 were accurate and the Chairman signed them.

4 Public Question Time - Agenda Item 4

The Committee heard questions from Mr Nigel Behan, of the UNITE trade union, who asked a number of question arising from agenda item 7 Risk Management Update and also on the unaudited Statements of Accounts about the aftermath of the Southwest One contract and the Director of Finance and Performance responded and provided answers. The questions/statements submitted by this member of the public and answers provided will be attached to the minutes of the meeting as an Appendix.

5 External Audit Update - Agenda Item 5

The Committee considered this report that was introduced by Director of Finance and Performance on behalf of the External Auditors. He began by providing a summary of the report, noting: progress on current audit work was satisfactory and that value for money assessments was almost completed.

Members discussed: how the Council was dealing with the resources pressures relating to Adult Social Care and it was explained that a combination of targeted funding from the Government and revised practices in the County were ensuring an improvement in this area.

There was a brief discussion about income generation and the role the Council could play in attracting business and inward investment to the County. It was

noted that the Pensions Committee continued to oversee the pooling of the Somerset Fund in to the Brunel Fund in accordance with the Government's desire for all Pensions Funds to join pool. It was requested that an update be provided at a future meeting.

The Committee accepted the report.

6 Internal Audit Update - Agenda Item 6

The Committee considered this report that was introduced by the Assistant Director of SWAP who provided a very thorough of the work completed since the last meeting by the Internal Auditors in delivering the 2016/17 Audit Plan.

The summary of the 4 audits finalised in the period were noted and a partial opinion had been awarded to each and it was agreed that these would be brought to a future meeting.

It was noted that delivery of the plan was progressing well with 45 final reports; 2 draft reports; 5 discussion documents and 2 audits in progress.

The Committee accepted the report.

7 Risk Management Update - Agenda Item 7

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

It was highlighted to Members that the risk score for ORG0043 (Maintain a Sustainable Budget) had reduced to 20 and that a range of organisational mitigations and management actions continued to be used to further address and mitigate this risk. There was brief discussion about the Council's on-going work to manage its financial position and the Governance Manager assured Members that the Senior Leadership Team and Cabinet would continue to manage the financial position, robustly challenging any overspends, implementing management actions and continue to develop options to bring the overall budget back into balance.

The Committee considered the report and a brief overview was given of the four very high risks – a score of 16 or above – and how those were being addressed. It was stated that risk management was as much about exploiting opportunities as it was about managing threats. Risks needed to be managed rather than avoided, and consideration of risk should not stifle innovation. In some cases the Council might accept a relatively high level of risk because the benefits of the action outweigh the risk or disadvantages on the basis that the risk would be well managed.

Members proceeded to discuss Appendix A of the report and Appendix B which listed the partial assurance internal audit reports and sought and received assurances that the required actions were being followed up and progressed. Regarding the audits where SWAP could only offer "partial" assurance it was noted that these would come back to a future Committee meeting as part of the "follow up" process, and that agreed actions rated as 4 (Medium / High) or 5

(High) were required to be formally recorded and tracked through to completion. The Committee would receive six monthly updates setting a summary of progress. The Committee accepted the report.

8 Draft Annual Governance Statement - Agenda Item 8

The Committee considered this report and the attached draft Annual Governance Statement for the County Council. It was explained that the Council was required to carry out, at least annually, a review of effectiveness of its governance framework. This review of internal controls provided additional assurance that the Statement of Accounts gave a true and fair view of the Council's financial position at the reporting date and its financial performance during the year.

The Committee considered the report and it was explained that the process carried out had been in line with guidance published in 2016 by CIPFA / SOLACE in the new "Delivering Good Governance in Local Government". This updated framework would now apply to all Annual Governance Statements prepared for the financial year 2016/2017 onwards. It was therefore a highly prescriptive process and for example as part of the Healthy organisation report compliance had to be demonstrated against 91 separate behaviours.

The Committee discussed the report and there was a brief discussion about the Council's MTFP process and the Dimensions contract was progressing and it was agreed that the Committee would seek reassurance at future meetings regarding the value for money aspect of the contract.

The Committee approved the draft Annual Governance Statement prior to it being signed by the Leader of the Council and the Chief Executive, and members noted the Statement would form part of the 2016/2017 Statement of Accounts.

9 Debt Management and Pre-Action Protocol - Agenda Item 9

The Committee considered this report that provided an update on the recovery of outstanding debt owing to the Council and also showed the position as at the end of May 2017 and compared recent performance of debt recovery to the same point last year.

Members discussed the report and it was noted that overall outstanding debt stood at £10.583m as at 31 March 2017, this compared with a figure of £8.989m, on the same position last year.

Members noted that the value of debts over 90 day old had increased and sought assurance that work was being completed to ensure that these debts are paid. Members welcomed the new measures designed to reduce debt occurring such as requesting pre-payment before a service is provided and also exploring alternative payment methods such as direct debit.

The Committee noted the report.

10 **Review of Internal Audit - Agenda Item 10**

Members considered and discussed the report about the review carried out by the relevant officers in to effectiveness of the internal audit function from the South West Audit Partnership in 2016/17.

The Committee sought and received assurances that SWAPs ability to complete the Council's audit work would not be affected by SWAP's on-going expansion including the completion of external auditing work.

The report concluded that SWAP continued to provide an adequate and effective internal audit function for the Council and could demonstrate value for money.

The Committee accepted the report.

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

The Strategic Manager – Financial Governance introduced the report, noting that the Committee had 3 further meetings scheduled for 2017. It was noted that the certain reports were timetabled to meet the accounting reporting cycle.

The Committee considered and discussed the future agenda items and agreed to include: an update on the pooling of the Pensions Fund; partial audits in Adult Social Care; MTFP assessments; VfM aspect of the LD contract; an update on policies/preparedness to ensure Data Protection.

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

There were no other items for consideration and the Chairman thanked all those present for attending. The meeting closed at 15:28.

(The meeting ended at 3.28 pm)

CHAIRMAN