

Audit Committee

Minutes of a meeting of the Audit Committee held in the Luttrell Room, County Hall, Taunton on Thursday 27 July 2017 at 10.00am.

PRESENT

Cllr D Ruddle (Chairman)

Cllr S Coles

Cllr M Caswell

Cllr B Filmer

Cllr P Ham (Substitute)

Cllr J Lock

Cllr M Rigby

Cllr J Thorne (Substitute)

Apologies for absence: Cllr N Bloomfield, Cllr F Purbrick, Cllr G Verdon.

Other Members present: Cllr

Officers present: Kevin Nacey, Director of Finance and Performance; Martin Gerrish, Strategic Manager – Financial Governance

Also present: Lisa Fryer - Southwest Audit Partnership. Peter Barber and David Bray – Grant Thornton.

13 Declarations of interest – agenda item 2

13.0 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 S Coles, Cllr M Caswell, Cllr B Filmer, Cllr P Ham, and Cllr J Thorne.

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

14 Minutes of the last meetings – 29 June 2017 - agenda item 3

14.0 The Committee agreed that the minutes of the meeting held on 29 June were accurate, providing Cllr John Hunt was shown as attending as a substitute for Cllr Rigby, and the Chairman signed them.

15 Public question time – agenda item 4

15.0 There were no questions.

16 Internal Audit Annual Opinion – agenda item 5

16.0 The Committee considered and discussed this report that contained information about the internal auditors opinion on the adequacy and effectiveness of the Council's internal control framework.

It was noted that despite a limited number of control issues previously reported to the Committee, SWAP had given an opinion of 'reasonable assurance'. This is the same conclusion in 2015/16 and the opinion had been incorporated in to the Annual Governance Statement.

Members noted that there were a higher number proportion of Partial assurance audits and it was explained that this was a result of the Council asking the Auditors to specifically target their work in areas that managers and/or auditors consider to be high risk, and where they have asked for help. It was accepted that on that basis is work in such areas would result in more partial audit findings and it would therefore not be a sensible use of SWAP time to audit areas where strong assurance had been reported.

In response to a question it was stated that there would be a continuation of the practice of the former Audit Committee in the last quadrennium of scheduling all Partial assurance audits to report back to the Committee at a future public meeting, and for the relevant manager/s to attend and report on the progress against the agreed Action Plan from those audits.

There was a brief discussion of the report and Appendix B which detailed the progress of delivery of the work plan for 2016/17 with answers being provided for specific questions on various services areas.

Members accepted the report and the Internal Audit Annual report and its conclusions.

17 Statement of Accounts – Pension Fund - Agenda item 6

- 17.0 The Committee considered and discussed this report from the External Auditors that summarised their findings from the 2016/17 audit of the Pension Fund Accounts.

Members were pleased to note that the report indicated that the accounts were free from material errors, and would receive an unqualified opinion. Mr Barber, External Auditor, Grant Thornton as in previous years highlighted the on-going recommendation regarding the authorisation of journals. In response to a question it was noted that the Council was not unique in not requiring journal adjustments to be authorised by a second person.

Members further noted the action plan included in the report, and there was a discussion on the level of materiality figure as this had increased during the course of the audit to reflect the overall value of the Pension Fund.

The report was accepted and the Committee agreed to:

- Approve the audit outcomes for the Pension Fund for 2016/17.
- Approve the letter of representation on behalf of the Council.

18 Statement of Accounts – Somerset County Council - Agenda item 7

- 18.0 This report was introduced by the External Auditor, Mr Barber. Attention was directed to the Audit Findings report of Grant Thornton and the External

Auditor provided an overview of the findings from their audit of the Council's financial statements for the year ended 31 March 2016.

Mr Barber explained that he would be issuing an unqualified opinion on the accounts, and an 'except for' VFM conclusion in respect of the Children's Services which correlated with the recent Ofsted inspection findings.

Mr Barber commended the Council on presenting good working papers ahead of the required deadline as for the second year the Council had met the proposed statutory deadlines for 2018. Mr Barber further highlighted an error in the disclosure of PFI minimum lease payments had resulted in an understatement of £0.973m in the tables that showed minimum lease payments and those figures had now been corrected and that this did not affect any other disclosures.

Members further discussed the overall account findings and the Director for Finance and Performance welcomed the overall good message of the accounts and the fact that the External Auditors had found that the material judgements used in the preparation of the financial statement were soundly based and adequately disclosed in the financial statements.

Following consideration of the reports, the Committee agreed by majority, with Cllr Coles voting against, to:

Approve the audited Statement of Accounts for 2016/17;

Approve the Letter of Representation for 2016/17;

Approve the updated Annual Governance Statement as included within the Statement of Accounts.

19 Service Showcase – Information Governance - Agenda item 8

- 19.0 The Committee considered a report from the Internal Auditors about information sharing that takes place between the Council and its partners. Members also benefited from a presentation from the Council's Information Governance Manager who provided assurance on the required current control in place to safeguard customer information and also highlighted the proposed extra level of accountability required to ensure compliance with the EU General Data Protection Regulations (GDPR) to be introduced in May 2018.

Members noted the Internal Auditors had provided a partial assurance as some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives. The Committee sought and received assurance that the action plan and suggested actions was being adequately progressed by Officers.

There was a brief discussion of the report and there was a question about the percentage of Freedom Of Information requests where the Council responded within the statutory deadlines and it was agreed that these details would be provided in writing.

The Committee accepted the report.

20 Other business of urgency – agenda item 9

20.0 There were no other items for consideration and the Chairman thanked all those present for attending. The meeting closed at 12:02.

**Cllr Dean Ruddle
Chairman – Audit Committee**