

Audit Committee

This report summarises the items considered by the Audit Committee on 25th January:

63. Appointment of External Auditor (Agenda Item 6)

The Finance Specialist presented her report to members. She explained that the report followed the outcome of the Public Sector Audit Appointment (PSAA).

She pointed out a spelling mistake in the agenda report and confirmed that the recommendation should read 'That Audit Committee note the appointment of Grant Thornton (UK) LLP as the Council's external auditor for five years from 2018/19, commencing 1 April 2018, and the projecting fees'.

She advised members that the PSAA have appointed Grant Thornton (UK) LLP as the external auditor for the next 5 years and that there had been a reduction in fees by 23%.

David Johnson, Audit Manager – Grant Thornton, explained to members that there was a break clause in the contract which could be used after the initial three years, however this is considered to be a five year contract.

Following a short discussion, members agreed to note the recommendation.

RESOLVED: that members noted the appointment of Grant Thornton (UK) LLP as the Councils external auditor for five years from 2018/19, commencing 1st April 2018, and the projected fees payable.

64. Certification of Claims Report (Agenda Item 7)

David Johnson, Audit Manager – Grant Thornton, presented the report to members. He explained that the report detailed the work which was carried out in 2016/17. He explained that the letter contained within the report detailed the issues which were found during the testing.

He drew members attention to the list of issues on page 7 of the agenda which were identified during the 215/16 testing. He also pointed out the issues which were identified during the 2016/17 testing.

He informed members that Appendix A of the report outlined the work which had been carried out. He also advised that there had been a reduction in errors compared to last year.

The Benefits and Control Officer responded to questions from members. She explained that most of the errors were for small amounts and that the council were expecting a sum of money back from the DWP this year which was good news. She further explained that numerous tests and checks were carried out, however there were a high number of claimants and not every case could be checked.

Members were concerned about workloads and the affect that the Transformation Project would have on the assessment of cases and were worried that this could lead to further mistakes. The Benefits and Control Officer explained that she was unsure how the Transformation Programme would affect the team. Some members commented that the checking of claims should be seen

as a priority due to the potential financial risks and possible fines and hoped that adequate resources would be allocated to this task.

RESOLVED: members noted the contents of the Certification of Claims Report for 2016/17.

65. Treasury Management Strategy Statement and Investment Strategy 2018/19 (Agenda Item 8)

The Finance Specialist presented her report to members. She advised that this was an annual report, which gave an opportunity for the Audit Committee to scrutinise the report before it was referred to Full Council the following month.

She pointed out that the treasury management indicators and the capital indicators were detailed in separate appendices.

She clarified some points in the report to include;

- The investment budget had been increased for 2018/19 as the council are looking to invest in more pooled funds as highlighted in the Treasury Management briefing.
- The prudential indicators listed in appendix 1 were unchanged from the previous year.
- She advised that the 'Ratio to Financing Costs to Net Revenue Stream' which were detailed on pages 31 and 32 of the report could now be confirmed. She advised that the percentages should read;

Ratio of Financing Costs to Net Revenue Stream	2017/18 Revised %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
General Fund	(0.3)	(3.29)	(3.27)	(3.10)

She responded to member's questions. She advised that borrowing will initially be internally borrowed, however advised that the cheapest form of borrowing would be sought when external borrowing was required. She further advised that the council does not have any short term loans and that income/revenue will be used to offset the purchase of investment properties.

Some members commented that large amounts of money had been spent on commercial properties and hoped to see details of income generated by these properties. The Finance Specialist advised that this information would be included in budget monitoring reports going forward.

One member commented that she would like to see the details of the income which was being received from money invested as part of the Commercial Strategy.

RESOLVED: Members unanimously agreed to note the report and recommended that the report be referred to full council.

66. Audit Committee Forward Plan (Agenda Item 9)

One member suggested that it would be useful to have a report which details how the Transformation Project would affect the reporting to Audit Committee; however the Chairman

advised that there would be an opportunity to discuss this with the Transformation Lead as she would be attending all Area Committee meetings in February.

David Johnson, Audit Manager – Grant Thornton, advised that he hoped that he would be able to provide a report to detail the External Audit Plan earlier than April. He suggested that the report could possibly be provided for the February meeting of the Audit Committee, or March at the latest. He also advised that the Annual Governance Report which was scheduled for July should read 'Audit Findings Report'.

Members noted that there was a progress report on the GDPR which was scheduled for the February agenda. They were concerned that there might have been little progress due to a lack of staff. However, they hoped that the report would remain on the February agenda.

Members noted the Audit Forward Plan.

Cllr Derek Yeomans
Chairman of Audit Committee