

Audit Committee

This report summarises the items considered by the Audit Committee on Thursday 24th January:

46. Internal Audit Annual Activity Report 2018/19 (Agenda Item 6)

The Assistant Director – South West Audit Partnership, addressed the Committee. He explained that this was a quarterly report, based on the Audit Plan which was approved in March 2018.

He advised that a number of audits had been finalised and explained that these were detailed on page 9 of the agenda. He pointed out one area, which had been given partial assurance, which was financial resilience and contract management. He clarified that this was not considered a significant risk.

He pointed out an amendment to the plan; attention had been given to cyber security and this would now be looked at in more detail. He explained that agile working would now be considered at a later date as agile working policies were still being developed, however he noted that this was still an area of concern.

He explained that there was overview of the progress of the plan on pages 14-16.

In response to a question from a member, he advised that an audit on lone working had been drafted, however had not yet been finalised. He explained that systems are in place to protect staff that were lone working; however clarified once again that the audit had not yet been finalised and explained that this would be completed within the current audit plan.

The Assistant Director briefly explained the reasons why the contract resilience audit had been given a partial assurance. He pointed out that these reasons and the recommendations which were now in place were detailed on pages 18-19 of the agenda. He added that the results were similar when compared to other local authorities.

In response to a members question, the Finance Specialist agreed to look at whether officers could be named on the audit plan as job titles alone made it hard to contact the relevant member of staff. The Assistant Director confirmed that issues were discussed at the Senior Leadership Team meetings, so officers and managers would be fully aware of the issues raised during the audit plan.

RESOLVED: that members noted the progress made in the delivery of the 2018/19 internal audit plan and noted that two significant findings had been identified.

Members were in agreement that audits within the plan which were given partial assurance, should be referred back to the Audit Committee for a three month review, even if this requires an additional committee meeting.

(Voting: Unanimous)

47. Treasury Management Strategy Statement 2019/20 (Agenda Item 7)

The Finance Specialist presented his report to Members. He explained to members that this was an annual report and that the statement was a requirement of CIPFA.

He advised that the Treasury Management Statement had been updated and would need to be submitted to Full Council for approval.

He explained to members that there had been some changes in legislation. Following these changes, the Investment Strategy and Capital Strategies would now be reported separately. He advised that the investment strategy would normally be contained within the Treasury Management Report.

He pointed out some changes to the strategy, advising that these were detailed on page 22 of the agenda. He explained that an additional counterparty had been added to the counterparty list and informed members that real estate investment trusts were the addition. He clarified that the investment limit for real estate investment trusts is to a maximum of £10 million per fund.

He drew members attention to the financial implications which were detailed on page 22.

A summary of key points from the TMSS were detailed on pages 23-27. The Finance Specialist clarified some points of detail from within this summary. He pointed out detail to show the investment types and balances as well as the rate of the return. He also pointed out that some figures were projections and could vary depending on opportunities that may arise.

The full strategy was detailed on pages 28-39.

In response to a members question, the Finance Specialist advised that joint ventures were carefully monitored.

He explained that a short-term loan had been used and had now been repaid. He advised that the current borrowing limit was £124 million.

The SSDC Financial Advisors' view and forecast was detailed on page 39 of the agenda. He added that their recommendation was to borrow short term, if borrowing was required.

One member questioned whether the Committee would be provided with full details of any loans, to include interest rates, amounts and lengths. The Finance Specialist agreed that this could be made available.

RESOLVED: that members;

- a) approved the details of the proposed Treasury Management Strategy Statement for 2019/20 to be submitted to Full Council for approval (as detailed in Appendix 1) and
- b) noted the capital prudential indicators and the annual MRP statement (as detailed in Appendix 2)

(Voting: Unanimous)

48. Certification of Claims Report (Agenda Item 8)

The Audit Manager from Grant Thornton, presented his report to Members. He explained that the report detailed the external auditor's findings from the signing off of the Housing Benefit Subsidy Claim 2017/18 and included a copy of the certification letter.

He explained to members that the final outcome of the claim was a refund of £9,783 from the DWP. He hoped that this figure wouldn't mask the amount of work which had gone into this claim, both from the Council's side and from Grant Thornton.

He explained that the errors outlined on page 47 of the report were tested again in the following year. The findings from the subsequent tests were detailed on page 49-50 of the report.

He explained that errors had been made in the allocation of payment for pension allowance for modified schemes in all cases. He explained that housing benefit claims were complicated and added that these were mistakes made by staff which resulted in the error in claims. He added that further testing will be undertaken during 2018-19.

He clarified that all comments had been fed back to management.

During the discussion, the effect of Universal Credit was discussed and it was noted that there would be decrease in the amount of claims. Debt collection was also briefly discussed.

RESOLVED: that members noted the contents of the Certification of Claim Report for 2017/18.

(Voting: Unanimous)

49. Audit Committee Forward Plan (Agenda Item 9)

RESOLVED: that members noted the contents of the Audit Committee Forward Plan.

Cllr Derek Yeomans,
Chairman of Audit Committee