

## **AUDIT COMMITTEE**

### **Minutes of the Meeting held on 17 September 2018 at 2.00 pm in the Council Chamber, Williton**

#### **Present**

Councillor R Lillis.....Chairman

Councillor P Pilkington  
Councillor N Thwaites

Councillor R Thomas  
Councillor A Kingston-James

#### **Officers In Attendance**

Head of Financial Services and Deputy S151 Officer (A Stark)  
Principal Revenues and Debt Recovery Officer (D Emery)  
Corporate Strategy and Performance Officer (R Doyle)  
Democratic Services Manager (R Bryant)  
Democratic Services Officer (C Rendell)

#### **Also In Attendance**

Peter Barber, Manager, Grant Thornton  
Alastair Woodland, Assistant Director, South West Audit Partnership (SWAP)  
Yvette Kottaun, Senior Fraud Investigator  
David Morris, Head of Service

#### **A.23 Apologies for Absence**

Apologies were received from Councillors K Mills and R Woods.  
Councillor A Kingston-James substituted for Councillor R Woods.

#### **A.24 Minutes**

(Minutes of the Meeting of the Audit Committee held on 23 July 2018, circulated with the Agenda).

**RESOLVED** that the Minutes of the Audit Committee held on 23 July 2018 be confirmed as a correct record.

#### **A.25 Declarations of Interest**

<b>Name</b>	<b>Minute No.</b>	<b>Member of</b>	<b>Personal or Prejudicial</b>	<b>Action Taken</b>
Cllr P Pilkington	All	Timberscombe Parish Council	Personal	Spoke and voted
Cllr R Thomas	All	Minehead Town Council	Personal	Spoke and voted
Cllr A Kingston-James	All	Minehead Town Council	Personal	Spoke and voted

**A.26 Public Participation**

No members of the public had requested to speak on any item on the Agenda.

**A.27 Audit Committee Action Plan**

(Copy of the Audit Committee Action Plan circulated with the Agenda).

There were two recorded actions from the previous meetings held on 19 June and 23 July 2018, both of which were in progress.

**RESOLVED** that the Audit Committee Action Plan be noted.

**A.28 Audit Committee Forward Plan**

(Copy of the Audit Committee Forward Plan circulated with the Agenda).

**RESOLVED** that the Audit Committee Forward Plan be noted.

**A.29 Exclusion of the Press and Public**

**RESOLVED** that the press and public be excluded during consideration of item A.30 on the grounds that, if the press and public were present during the item, there would be likely to be a disclosure to them of exempt information of the class specified in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended as follows:

The item contained information that could release confidential information that related to the financial or business affairs of any particular person (including the authority holding that information). It was therefore agreed that after consideration of all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**A.30 Counter Fraud Partnership – 2017/18 Progress Report**

(Report No. WSC 71/18, circulated with the Agenda).

The purpose of the report was to summarise the results of the first year of the Counter Fraud Partnership.

**RESOLVED** that the Committee noted the 2017/18 progress report from the Counter Fraud Partnership.

**A.31 Re-admittance of the Press and Public**

**A.32 Grant Thornton External Audit – Annual Audit Letter 2017/18**

(Report No. WSC 72/18, circulated with the Agenda).

The purpose of the report was to summarise the key findings from the external audit work carried out in respect of the 2017/18 financial year and detail the actual audit fees charged.

The Annual Audit Letter for 2017/18 confirmed that:-

- The Auditors had issued an unqualified opinion in respect of the accounts for 2017/18;
- The Auditors were satisfied that the Council had put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2018;
- The determined materiality for the audit of the Council's financial statements were £354,000, which was 1.8% of the Council's gross revenue; and
- The fees charged for 2017/18 were £42,525 for the statutory audit.

**RESOLVED** that the Committee noted the report.

### **A.33 Grant Thornton External Audit – Progress and Update Report**

(Report No. WSC 73/18, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with a progress update regarding the work of the external auditors, Grant Thornton.

The Audit Manager outlined the report, which provided an update on the work undertaken to date and included the status of all the planned audit work for the Council. Additionally, the report shared headlines on some national issues that might have an impact upon the Council.

Within the Sector Update, the following items were highlighted:-

- The Chartered Institute of Public Finance and Accountancy (CIPFA) Consultation on Financial Resilience Index;
- The Ministry of Housing, Communities and Local Government (MHCLG) Social Housing Green Paper;
- The MHCLG Business Rate Pilots; and
- The Institute of Fiscal Studies Impact of Fair Funding Review.

During the discussion of this item the following points were made:-

- Members requested clarification on when the audit work would end for West Somerset Council (WSC).  
*For the financial year 2018/19, the Auditors required the accounts by the end of May 2019, so that the work could be carried out in time for the statement of accounts to be approved by the end of July 2019.*
- Concern was raised that the New Council Members would sign off the statement of accounts for the dissolved Councils of West Somerset and Taunton Deane.

**RESOLVED** that the Committee noted the report.

### **A.34 SWAP Internal Audit – Progress Update 2017/18**

(Report No. WSC 74/18, circulated with the Agenda).

The purpose of the report was to update Members on the Internal Audit Plan 2018/19 progress and to bring to their attention any significant findings identified through the work.

Since the June 2018 update, the following audits had been finalised:-

- General Data Protection Regulation Members Awareness Training had been issued with an advisory opinion;
- Parking Maintenance had been issued with a follow up opinion; and
- IT Backup Arrangements had been issued with a reasonable opinion.

In the Parking Maintenance audit report issued in October 2017, SWAP had offered partial assurance. Six recommendations were raised, three were given a priority score four and the remainder allocated a priority score three.

Whilst carrying out the follow-up audit, it was noted that the three priority four recommendations had been addressed. These were in relation to clarity around the WSC maintenance budget and improvements in the risk management process for assessing car parking risks to inform the maintenance budget spend areas.

The outstanding priority three recommendations were:-

- Development of the Car Parking Strategy across Taunton Deane and West Somerset (superseded by the need of a new single authority car parking strategy); and
- Updating the Parking Maintenance Plans with the findings from the technical surveyors.

Whilst the two outstanding actions were more detailed and work was in progress, they needed to be driven forward where possible to minimise risk.

The Audit Manager also highlighted that the Audit Plan was split between 'Business as Usual' and the Transformation Project. Over the next six months, there would be a lot of changes within both Councils which would impact on service delivery and he wanted to ensure that there were mitigations in place to keep work on track. The main risks were:-

- Loss of knowledge (capacity issue); and
- Creation of the New Council for the 1 April 2019.

During the discussion of this item the following points were made:-

- Members queried whether the main risk was on staffing.  
*Yes, there would be knowledge and capacity issues. There would also be a channel shift toward more customer self-serve, but the technology needed to be in place for that to work.*
- Members queried whether there was anything they could do to help during the next six months.  
*Members could help manage customers' expectations during the changes and also understand that service would be affected.*
- The Chairman queried whether there were enough days allocated for the audit work to be carried out.  
*The Auditors would have to prioritise their work, but there should be enough days. WSC had benefited from the joint working with Taunton Deane.*

**RESOLVED** that the Committee noted the progress made in delivery of the 2018/19 internal audit plan and the significant findings.

### **A.35 Summary of Overdue High Priority SWAP Audit Recommendations**

(Report No. WSC 75/18, circulated with the Agenda).

The purpose of the report was to provide Members with a position statement on the SWAP audit recommendations for West Somerset Council, which were assessed as high and very high priority, where the agreed remedial action was overdue.

The report highlighted the Priority Four and Five audit actions that affected WSC, where the agreed remedial action was overdue. On this occasion there were three Priority Four actions which were overdue but zero overdue Priority Five recommendations for WSC. The overdue actions were for Discretionary Housing Payments and Contract Management Bribery.

During the discussion of this item the following points were made:-

- Members queried whether there had been any incidents of Contract Bribery.  
*No, however, there was a new policy being developed for the New Council.*
- Members queried whether the recommendation on Discretionary Housing Payments was due to the introduction of Universal Credit.  
*Yes, the fourteen day target was not achievable due to the long waiting times for Universal Credit.*

**RESOLVED** that the Committee reviewed the overdue actions.

### **A.36 Audit Action Plan Update**

(Report No. WSC 76/18, circulated with the Agenda).

The purpose of the report was to provide an update of progress against the Annual Governance Statement (AGS) Action Plan for 2018/19.

The AGS included an action plan which addressed any new governance issues identified by the Corporate Governance Officers Group and relied on reports from internal and external audit.

There were two actions now planned for 2018/19. These were:-

- To implement and develop our new risk management culture; and
- To implement the Corporate Governance process for the Shadow Council and the transformed New Council.

During the discussion of this item the following point was made:-

- Members raised concern for the next six months.  
*The Officer offered reassurance that there were processes in place to drive forward the work that was needed.*

**RESOLVED** that the Committee noted the current progress in relation to completing the actions identified within the Annual Governance Statement.

(The meeting closed at 3.15pm)