

**MINUTES**

of the

**AUDIT COMMITTEE**

held on 25 September 2019 at 7pm

Present:

Councillor D. Clark (Chair)

Councillors

P. Clark, I. Grundy, J. Lardge, J. Raven, E. Sampson and N. Walsh

**1. Apologies for Absence and Substitutions**

Apologies for absence for absence were received from Councillors M Sismey and M Watson. Councillor Sismey had appointed Councillor I Grundy as his substitute.

**2. Minutes**

The minutes of the meeting held on 18 June 2019 were agreed as a correct record and signed by the Chair.

**3. Public Question Time**

No questions were asked or statements made.

**4. Declaration of Interests**

All Members were reminded to declare any Disclosable Pecuniary interests or other registerable interests where appropriate in any items of business on the meeting's agenda. None were made.

**5. Announcements**

The Chair announced that following Cllr Finney's resignation a new Vice Chair would have to be appointed. The Committee agreed that this should be decided at the next meeting in December when the full Committee should be present.

**6. Audit Completion Report 2018/19 (ISA 260)**

The Committee considered a report from the Council's External Auditors, BDO, presented in accordance with the provisions of the International Standards on Auditing (ISA 260). This required the Auditors to report to those charged with governance relevant matters arising from the audit prior to issuing the 2018/19 Statement of Accounts. The audit results report (attached at Appendix 1 to the report before the Committee) covered two key areas, namely the Accounts for 2018/19 and the Value for Money Conclusion. The Accounts for 2018/19 had been prepared in accordance with the Statement of Recommended Practice 2018/19.

Members were directed to page 49 of the agenda pack which detailed some outstanding areas that would be completed soon. Members were also provided with detail on the main risk areas that the external auditors had looked at whilst auditing the accounts. The External Auditors confirmed that the Digital Transformation programme was no longer subject to a

value for money qualification. It was noted that they had looked at the evidence presented and held discussions with senior officers on the topic and were happy with the new arrangements.

Members were informed that the External Auditors had found no significant weaknesses or material errors that had not been adjusted in the accounts and therefore proposed to issue an unqualified audit opinion (subject to completion of the outstanding audit work). Therefore, the Accounts attached at Appendix 2 to the report before the Committee met the statutory requirements of the Audit Commission Act 1988 and the Code of Audit Practice.

In response to questions from members, the Committee was informed that:

- The External Auditors expected to complete the Audit by early October.
- To avoid a delay next year in completing the Audit they would be looking at their resources over the next few months and holding discussions with the Council finance team. It was noted that they did not want to be in the same position next year.

The Committee thanked the Finance Team for their hard work in preparing the statement of accounts.

**RESOLVED** that;

1. the audit completion report – ISA 260 (Appendix 1) be noted; and
2. the Statement of Accounts 2018/19 (Appendix 2) be approved; and
3. that authority is delegated to the Chair of the Audit and Risk Committee, in consultation with the Director of Financial Services/Section 151 Officer, to approve any additional amendments to the Statement of Accounts and the letter of representation, arising out of any outstanding audit work, and to publish the final Statement alongside the audit opinion.

*(7pm to 7.31pm)*

## 7. **Risk Management Report**

The Committee received a report and presentation on the Council's Risk Management strategy for 2019/20 which had been considered by Management team. The strategy was detailed to members in the report and the presentation covered the key areas. The Committee were informed about the importance of a risk framework and where it sat in relation to the rest of the organisation and external audit. The Committee also considered the Principal Risk report as at 31<sup>st</sup> August 2019.

In response to a question from a member of the Committee, it was confirmed that team and service managers were still responsible for reporting and monitoring risks. It was noted that the role of the risk framework and the risk team was to co-ordinate the approach and monitor risks at an organisation level, reporting directly to the Management team. The Committee agreed that they were happy with the proposed strategy and were keen to see how it develops through the year. It was noted that it was a new approach and one that would allow both management team and the Committee to effectively monitor risks.

**RESOLVED** that;

1. the Risk Management Strategy for 2019/20 be approved and;
2. the Principal Risk Register for 31<sup>st</sup> August 2019 be noted.

(7.32pm to 7.50pm)

8. **Temporary Accommodation : Use and Costs**

The Committee received a report providing further information on the use and costs of temporary accommodation. The report outlined the need, type and varied costs of temporary accommodation used to meet the Council's duties to those who are homeless. The Committee were informed that the Strategic Housing team had been looking at past methods and analysing how moving forward they could tackle the problem of homelessness and temporary accommodation. It was noted that the team were exploring various methods with the new working groups and different forms of temporary accommodation. The Committee heard that to be effective, various methods had to be combined at the same time which would prove to be a challenge. The Committee also heard that team performance was regularly monitored, in addition to regular communication with partner organisations which would lead to steady but effective progress.

In response to questions from members, the Committee was informed that;

- Transaction rates on some new housing developments did stall towards the end and this could sometimes create problems in terms of available properties.
- In terms of families that were currently in overcrowded properties, the council's statutory priority did have to be those actually without homes. It was noted however that this group was also a priority and a list of the families in overcrowded properties was kept by the service.

The Committee thanked the Housing team for providing a detailed and informed report, they agreed it was one of the major issues facing the Council.

**RESOLVED** that the report be noted.

7.51pm to 8.20pm

9. **Follow up of Internal Audit External Quality Assessment**

The Committee received a report which summarised the actions taken by Internal Audit, in response to the External Quality Assessment which was undertaken in July 2018. It was noted that the assessment had to take place every five years and this report followed up the July 2018 assessment. The Committee was informed that the recommendations had all been acted upon and the report before members detailed these actions. It was noted by the Committee that the assessment had recommended using different terms than high, medium or low for audits. The Committee was informed though that officers had agreed that, the existing terminology worked best for the organisation. It was also noted that the 2020/21 audit plan would be explicitly aligned with the 2020/21 principal risk register, as recommended by the assessment.

**RESOLVED** that the report be noted.

(8.21pm to 8.26pm)

10. **Audit and Risk Committee Work Programme**

The Committee considered a report on its updated proposed rolling programme of work for 2019/20. The Committee was informed that a rolling training programme was included, with sessions for members to be held either before or during scheduled committee meetings.

It was also noted that regular updates from the external auditors had been timetabled in, to monitor progress and avoid delays. The Committee was also informed that some of the Revenue and Capital monitoring reports that they used to receive, would now be monitored by Cabinet and Overview and Scrutiny Committee. It was noted that this would allow the Committee to focus directly on its Audit and Risk responsibilities.

**RESOLVED** that the work programme be approved.

*(8.27pm to 8.30pm)*

11. **Urgent Business**

There were no matters of urgent business brought before the Committee.

The meeting closed at 8.30pm.

Chairman

DRAFT