



Audit committee

16:35 to 17:25

5 September 2017

Present: Councillors Price (chair), Driver (vice chair following election), Bradford, Coleshill (replacing Councillor Bremner as a member of the committee), Jones (B), Lubbock, Maxwell and Schmierer

Also present: Councillor Kendrick (cabinet member for resources)

(The members listed above attended an informal pre-meeting briefing on the council's approach to IT security facilitated by Steve Day, head of IT (LGSS).)

1. Public questions/petitions

There were no public questions or petitions received.

2. Declarations of interest

There were no declarations of interest.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meeting held on 20 June 2017.

(The following two items are set out in the supplementary agenda for the meeting.)

4. Annual Governance Statement 2016-17

The principal audit manager (LGSS) presented the report.

The chair said that the committee had a lengthy discussion on the Annual Governance Statement at its last meeting and that he concurred with the principal audit manager that the changes to the Statement, shown as tracked changes, were minor and not significant.

RESOLVED to approve the Annual Governance Statement 2016-17.

5. Extraordinary meeting – Audit Results Report 2016-17 and Statement of Accounts 2016-17

The chief finance officer explained that the external audit had not been completed and therefore it was not possible to present the Audit Results Report 2016-17 or the Statement of Accounts 2016-17 to this meeting. She had consulted the chair and vice chair who had agreed that an extraordinary meeting of the committee should be

convened to consider these reports and sign off the accounts by 30 September 2017. The finance team would work with the external auditors to ensure that the production and audit of the financial statements met the earlier deadlines for 2017-18.

The chair said that he had a request to hold the extraordinary meeting at 17:30 on Tuesday, 26 September 2017 rather than the earlier time proposed on the supplementary agenda.

Councillor Lubbock said that she would not be available to attend the meeting on 26 September 2017 and gave her apologies.

RESOLVED to hold an extraordinary meeting of the committee at 17:30 on Tuesday, 26 September 2017.

6. Internal Audit 2017-18 – April to August Update (Quarter 1)

The principal audit manager presented the report, and together with the head of internal audit (LGSS) and the chief finance officer, answered members' questions.

During discussion the vice chair asked whether the internal audit plan allocation took into account the earlier completion of the financial statements in 2018-19. Members were advised that the internal audit plan was agreed at the March meeting and that the internal audit plans would not be significantly affected by the new deadlines but external audit would be. The Annual Governance Statement which accompanied the Statement of Accounts would be completed to the earlier timetable. Members considered that it would be useful to have a year on year comparison on the number of days spent on audit so that progress could be tracked against previous years.

In reply to a question, the principal audit manager confirmed that the outcome of internal audits would be reported to the committee if there were serious concerns. A summary of the results of internal audits was included in the committee report. Members could request copies of the audit reports which could be redacted if necessary.

The principal audit manager said that five days had been agreed by the corporate leadership team and the committee as being sufficient to conduct an audit of fees and charges. A discussion would be held with the corporate leadership team and committee if it were necessary to increase the number of days allocated to this audit. The head of internal audit explained that the focus of the internal audit was to give assurance on the control environment for fees and charges and he did not envisage that it would be necessary to increase the number of days. The culture of the council and its policies and procedures created a good control environment where it was possible to check a sample for compliance and provide assurance.

Members noted that the Annual Governance Statement covered the governance of the council and would include ensuring that actions arising from council motions were followed up.

The chair thanked the officers for the excellent report. He pointed out that under the section on "Customer Satisfaction", on page 18 of the agenda papers, only 84 per cent of managers replied positively when asked whether they 'understand the risk

management strategy and how to apply it' and asked what steps were being taken in mitigation. The principal audit manager said that the corporate leadership team and members had engaged with the audit team to promote risk management. The results of the survey identified a further opportunity to engage with heads of service and operational managers to promote the strategy and to review the council's online training. In reply to a members' question, the principal audit manager explained that the 84 per cent was of the total responses made and not of all managers. The survey results were useful to identify training needs.

RESOLVED to:

- (1) note the report;
- (2) ask the principal audit manager to provide comparisons on progress against the audit plan with previous years as part of the regular monitoring report to committee.

7. External Audit Appointment

The principal audit manager presented the report. He confirmed that the committee had approved the use of Public Sector Audit Appointments Ltd (PSAA) to act as the audit panel to appoint the external auditor at its meeting on 20 September 2016 (2017 was a typographical error in the purpose of the report).

During discussion members considered that local government external audit must comply with regulations set by the government. The PSAA set the scale of fees and the final fees would be published in the audit results report. Members noted that the Local Audit and Accountability Act 2014 had been introduced to change the appointment process of external auditors with the objective to maintain or reduce costs to local authorities.

The chair said that he was fully satisfied with the process that had been undertaken by the audit panel and its recommendation that Ernst & Young LLP continue as this council's external auditor.

Councillor Kendrick, cabinet member for resources, said that he supported the recommendation.

RESOLVED to note the report and recommend to cabinet that it endorses the proposal from the panel of the Public Sector Audit Appointments Ltd (PSAA) that Ernst & Young LLP continues to be the council's external auditor.

CHAIR