



**Audit committee**

**16:30 to 17:50**

**22 September 2015**

Present: Councillors Neale (chair), Bradford, Harris, Boswell, Howard and Kendrick

Apologies: Councillors Wright (vice chair) and Driver

**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 approve the accuracy of the minutes of the meetings held on:

- (1) 23 June 2015; and,
- (2) 7 July 2015, subject to deleting the references to the chief finance officer and replacing with chief accountant.

**4. Annual governance statement 204-15**

The internal audit manager (LGSS) presented the report. He pointed out the amendments to the annual governance statement following the review by the external auditor, which were shown as tracked changes. The tracked changes would be removed from the final document.

The chief finance officer advised the committee that the leader of the council and the chief executive officer would sign off the annual governance statement on behalf of the council.

**RESOLVED** to approve the Annual governance statement for 2014-15.

## **5. Audit results report 2014-15**

The chief finance officer introduced the report.

The external auditor (Rob Murray, director, Ernst & Young) presented the appended report and said that he expected that the audit would be completed by 30 September 2015 and that an unqualified opinion would be given.

During the presentation, the external auditor answered members' questions on the external auditor's report and the uncorrected audit misstatements contained in appendix 1 of the report. He explained that short term creditors had been included as an uncorrected audit misstatement despite falling below the council's de-minis (£5,000). He explained that the misstatement had been identified during the audit of the accounts but the additional work incurred had not been significant and it was not intended to ask for an increase in the fees. In reply to a question about the extrapolation of factual errors, the external auditor confirmed that he was satisfied that these were not material.

Discussion ensued in which the chief finance officer said that the council had approved the purchase of finance system software in June and that progress would then be made to procure a fixed asset register.

In reply to the chair's request that the council's accounts were audited earlier, the external auditor said that he would ensure that his successor was aware of this request. He explained that councils would need to work to tighter deadlines in future.

The chief finance officer presented the draft letter of management representation appended to the report as appendix B.

### **RESOLVED to:**

- (1) approve the draft letter of management representation as set out in appendix B of the report;
- (2) note the "uncorrected audit misstatements" set out in appendix 1 of the audit results report (as set out in appendix A of the report).

## **6. Statement of accounts 2014-15**

The chief finance officer presented the report and said that there had been few changes to the audited statement. No major issues were likely to arise from the outstanding work of the external auditors to complete the audit.

### **RESOLVED to:**

- (1) approve the Statement of accounts 2014-15;
- (2) delegate to the chief finance officer, in consultation with the chair, the signing off of the accounts by 30 September 2015.

## **7. Internal audit 2015-16 – June to August update**

The internal audit manager (LGSS) presented the report. During discussion members noted that the public protection manager had given assurance that the market rents would be reviewed for 2016-17. Members also noted the clarification provided in the report about the retention of emails. The council's retention policy stipulated the length of time for financial documents to be retained which was generally six years, but legal and contractual documents could be kept for a longer period.

The chief finance officer said that on 7 September 2015, the county council had agreed to fund review of single person discounts<sup>1</sup>. The chair said that the last time the exercise had been conducted around 850 people had been identified who were no longer eligible for the single person discount. The internal audit manager said that the county council received 70% of the council tax that the city council collected and therefore benefited from the exercise which had previously been carried out every two years. The exercise would be conducted by LGSS. The committee noted that the discount was cancelled and that the council did not issue a fixed penalty notice. The committee noted that some authorities issued fixed penalty notices of around £70 to £200 for people who were not entitled to receive the single person discount. Members considered that the council should consider this in future as there was no incentive for people to inform the council about changes to their circumstances.

**RESOLVED** to note the:

- (1) work of internal audit between June and August 2015;
- (2) progress on the internal audit plan;
- (3) latest counter fraud developments.

CHAIR

<sup>1</sup> The audit committee noted at its meeting on 17 November 2015 that the county council would be funding 70% of the council tax single person review.