

**AUDIT COMMITTEE  
27TH NOVEMBER 2018**

PRESENT: The Chair (Bev Angell)  
The Vice Chair (Councillor Grimley)  
Councillors Hadji-Nikolaou, Huddleston, Parsons  
and Smith

Jon Machej (External Auditor)

Head of Strategic Support  
Head of Finance and Property Services  
Audit and Risk Manager  
Democratic Services Manager

APOLOGIES: Councillor Parton

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. He also advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

31. MINUTES FROM THE PREVIOUS MEETING

The minutes of the meeting of the Committee held on 4th September 2018 were confirmed as a correct record and signed.

32. DISCLOSURES OF PECUNIARY AND PERSONAL INTEREST

No disclosures were made.

33. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

34. EXTERNAL AUDITOR INTRODUCTION

A verbal introduction was given by Jon Machej from Mazars, the Council's new External Auditors. It was explained that he was the Audit Manager appointed to manage the audit at Charnwood Borough Council and that he was currently in the process of setting up a team of auditors who would be carrying out the audit at the Council. He also explained that he would be starting work on the Audit Plan and that he anticipated that it would be available January/February 2019.

**RESOLVED** that the introduction be noted.

Reason

To acknowledge the introduction given by the Council's new External Auditors.

35. TREASURY MANAGEMENT UPDATE - MID-YEAR REVIEW FOR THE 6 MONTHS ENDED 30TH SEPTEMBER 2018

A report of the Head of Finance and Property Services was submitted reviewing the Treasury Management Strategy and the Annual Investment Strategy, plus the various Prudential Borrowing and Treasury Indicators for the first 6 months of 2018/19 (item 6 on the agenda filed with these minutes).

The Head of Finance and Property Services assisted with consideration of the report.

In considering this item, the Committee noted that the General Fund Capital expenditure to date (as at period 7) was £0.940M on a programme of £5.213M, and the HRA capital expenditure to date (as at period 7) was £0.681M on a programme of £7.566M. Reference was also made to the previous year's spend at the equivalent stage of £1.769 million on a General Fund programme of £4,909M and HRA spend of £1.132M on a programme of £7.512M. The Committee noted that spending was significantly lower than the comparable period last year, and as such wished to seek reassurance from the relevant Cabinet Lead Members that the level of expenditure would be much closer to the budget at year end. Furthermore the Committee requested that this matter be added to the work programme for the meeting scheduled for 26<sup>th</sup> February 2019 to review the situation again.

The Committee also sought clarification about the publication date of the Annual Audit letter from the outgoing 2017/18 auditors, and whether they would be attending the meeting scheduled for 26<sup>th</sup> February 2019.

**RESOLVED**

1. that a report be submitted to the Cabinet highlighting the Committees concerns over the level of Capital Programme underspend, and seeking assurances that the programme would be significantly delivered before the end of the financial year.
2. that the mid-year review of the Treasury Management Strategy Statement, Prudential Borrowing and Treasury Indicators plus the Annual Investment Strategy, as shown in Part B, be noted.
3. That an update on the Capital Expenditure on the HRA and General Fund be added to the work programme for February 2019.
4. that the publication date for the Annual Audit letter be confirmed to Committee Members.

Reasons

1. & 3. The Committee had concerns about the level of capital programme expenditure against the budget expected at year end, and wished to refer the matter to the Cabinet and re-visit the matter at the meeting scheduled for 26<sup>th</sup> February 2019.
2. To confirm that the Committee had considered and noted the report.
4. To provide the Committee with the further information requested.

36. INTERNAL AUDIT PLAN - PROGRESS REPORT

A report of the Head of Strategic Support was considered summarising the status of the 2017/18 and 2018/19 Audit Plans and outlining the key findings from final audit reports and follow-up work completed since the previous progress report considered by the Committee at its meeting on 4th September 2018 (item 7 on the agenda filed with these minutes).

A report of the Head of Strategic Support was considered summarising the status of the 2017/18 and 2018/19 Audit Plans and outlining the key findings from final audit reports and follow-up work completed since the previous progress report considered by the Committee at its meeting on 4th September 2018 (item 7 on the agenda filed with these minutes).

The Audit and Risk Manager assisted with consideration of the report. She pointed out that the level of assurance in connection with the Grants in the Community audit should be coloured orange (i.e. moderate) and not green (i.e. substantial) as presented in Appendix B to the report.

In considering this item there was a discussion about the Audit Plan and the lack of responsiveness of officers during the planned audits. The Audit and Risk Manager explained that there is some slippage with the Audit Plan that had been partly caused by services not being prepared for audit, despite the timing and scope being agreed with them prior to commencement of the audit, and them not providing required information timely during the audit. However, the slippage was also due to the amount of previous year audit work carried over into the current year being greater than planned for and also a prolonged period of sickness within the Internal Audit Team. It was suggested that an action e.mail be sent following the meeting to all of the Corporate Management Team (CMT) setting out the Audit Committees expectation that officers comply with scheduled audits, unless there were exceptional circumstances.

The report included an exempt appendix as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, circulated to members. The appendix set out information which, if released to the public domain, may compromise the business affairs of the Council, therefore the public interest in maintaining the exemption outweighed the public interest in disclosing the information. On that basis, the Board resolved to exclude the public from this meeting during its brief discussion on the exempt appendix. That part of the meeting was not sound recorded.

## **RESOLVED**

1. that the report be noted.
2. that an action e.mail be sent to all of the Corporate Management Team (CMT) setting out the Committees expectation that officers comply with scheduled audits, unless there were exceptional circumstances.

### Reason

1. To ensure that the Committee is kept informed of progress against the approved Internal Audit Plan.

2. To emphasise that planned audits are vitally important and deferring has an impact on the overall Audit Plan.

37. RISK MANAGEMENT (RISK REGISTER) UPDATE

A report of the Head of Strategic Support was submitted providing details of the interim Strategic Risk Register produced for 2018/19 and an update on progress with the review of the Risk Management Framework (item 8 in the agenda filed with these minutes).

The Audit and Risk Manager assisted with consideration of the report.

**RESOLVED** that the report be noted.

Reason

To ensure the Committee is kept informed of progress against the strategic risks that, should they crystallise, would cause the Council to be unable to operate and/or provide key services leading to a significant adverse effect on public wellbeing.

38. COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS ACT (RIPA)

A report of the Head of Strategic Support was submitted providing a summary of the Council's use of RIPA powers (item 9 on the agenda filed with these minutes).

The Head of Strategic Support assisted with consideration of the report.

**RESOLVED** that it be noted that there had been no use of RIPA powers by the Council for the period from 1st August to 31st October 2018.

Reason

To enable the Committee to comply with the request from Cabinet that the Audit Committee assumes responsibility for receiving a quarterly report on the use of RIPA, and to report to Cabinet any concerns arising from those reports that may indicate that the use of RIPA is not consistent with the Policy or that the Policy may not be fit for purpose.

39. WORK PROGRAMME

A report of the Head of Strategic Support was submitted to enable the Committee to consider its work programme (item 10 on the agenda filed with these minutes).

The Head of Strategic Support assisted with consideration of the report.

**RESOLVED** that the Committee proceeds on the basis of the following work programme, which incorporates all decisions made at this meeting:

ISSUE	MEETING
<b>Internal Audit Business</b>	Ongoing
Internal Audit Plan – Progress	26 <sup>th</sup> February 2019  Quarterly
Risk Management (Risk Register)	26 <sup>th</sup> February 2019  Quarterly - detailed report every six months, exception report quarters in-between.
Council's Use of Regulation of Investigatory Powers Act (RIPA)	26 <sup>th</sup> February 2019  Quarterly
2018/19 Treasury Management Statement, Annual Investment Strategy and MRP Strategy	26 <sup>th</sup> February 2019  Annually
2019/20 Internal Audit Plan	26 <sup>th</sup> February 2019  Annually
Annual IT Health Check (Code of Connection) <b>Confidential Report</b>	11 <sup>th</sup> June 2019  Annually
2018/19 Annual Internal Audit Report	11 <sup>th</sup> June 2019  Annually
2018/19 Review of the effectiveness of Internal Audit (Feedback from Panel)	11 <sup>th</sup> June 2019  Annually
Internal Audit Charter	11 <sup>th</sup> June 2019  Annually (for approval)
2018/19 Members' Allowances Claimed	11 <sup>th</sup> June 2019  Annually
Whistle Blowing and Anti-fraud, Corruption and Bribery	11 <sup>th</sup> June 2019  Annually
Environmental Audits – Report on Outcomes	11 <sup>th</sup> June 2019  Annually  <i>Note: Six month exception report where identified actions are not implemented by the target date.</i>

2018/19 Treasury Management Outturn	11 <sup>th</sup> June 2019 Annually
2018/19 Statement of Accounts	July 2019 (Accounts Meeting) Annually
2018/19 Annual Governance Statement and Review of the Code of Corporate Governance	July 2019 (Accounts Meeting) Annually
Treasury Management Mid-Year Review	November 2019 Annually
Future of Local Public Audit	Report on Government proposals considered 5th July 2011. Further report once final regulations/guidelines are known. <u>Note:</u> Appointing Your External Auditor briefing note considered June 2016.
Policy for Engagement of External Auditors for non-audit work	Considered March 2013. Review policy - date to be agreed
<b>External Audit Business</b>	Ongoing
External Audit Progress Report and Technical Update	26 <sup>th</sup> February 2019 Quarterly
2017/18 Annual Audit Letter	26 <sup>th</sup> February 2019 Annually
Certification of Claims and Returns (2018/19 Audit)	26 <sup>th</sup> February 2019 Annually
2019/20 External Audit Plan	26 <sup>th</sup> February 2019 Annually
Capital Expenditure on HRA and General Fund	26 <sup>th</sup> February 2019
2018/19 Annual Governance Report	July 2019 (Accounts Meeting) Annually

## NOTES:

1. No reference may be made to these minutes at the Council meeting on 21<sup>st</sup> January 2019 unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
2. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.