

AUDIT SUB-COMMITTEE

15th June 2016

PRESENT:-

Conservative Group

Councillor Grant (Chairman), Councillor Ford (Vice Chairman) and Councillor Mrs. Wyatt.

Labour Group

Councillor Dunn.

AS/1 **APOLOGIES**

Apologies for absence were received from Councillor Shepherd (Labour Group).

AS/2 **DECLARATIONS OF INTEREST**

Councillor Ford declared a personal interest in Item 5 by virtue of his acquaintance with Mr Clarke of the external auditors.

AS/3 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Committee was informed that no questions from members of the public had been received.

AS/4 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED TO SUB-COMMITTEE

AS/5 **LOCAL GOVERNMENT SECTOR UPDATE TO MARCH 2016**

The external audit representative presented the report to the Sub-Committee, highlighting the current local authority devolution position, changes in

Business Rates legislation, auditor contractual arrangements and the use of capital receipts.

The Chairman queried the reference to highways assets changing in 2017, but was assured that this was a matter for Tier One authorities.

Councillor Dunn referred to Business Rates retention and how the Council might protect itself from the loss of large rates assessments. The Director of Finance and Corporate Services confirmed that as the Council was a member of the Derbyshire Business Rates Pool it was not eligible for the government safety net provisions, as any losses were spread across the Pool. As retention was moving towards 100%, the Director stated that the requirement for the Pool may diminish or cease.

RESOLVED:-

- 1) That the Committee considered the key questions raised by the Council's External Auditors contained in their quarterly sector update.***
- 2) That the Fee Letter for 2016/17 was approved.***

AS/6

INTERNAL AUDIT PROGRESS REPORT.

The internal auditor presented the report to the Sub-Committee, drawing particular attention to issues identified at Rosliston Forestry Centre, resulting in a moderate risk statement. The Cultural Services Manager confirmed that the audit had focused on different areas, on request, and this had led to an anticipated lower audit rating. All issues had been accepted and action being taken to address them. The Manager referenced two areas in particular, maintenance and the management contract, both subject to review. He confirmed that a report containing a project plan and the contract renewal was being submitted to the Finance and Management Committee, with one relating to the maintenance issue to follow.

The internal auditor also noted the improvement in recommendation implementation, with those outstanding down from above 40 last year to 28 this year. Councillor Dunn queried the position regarding the installation of tracking systems on Council vehicles. The Director of Finance and Corporate Services confirmed that the matter, which also involved the procurement of a traffic management system, had been deferred for completion later in the year. The Chairman requested an update on the situation for the next meeting of the Audit Sub-Committee.

RESOLVED:-

That the report of the Audit Manager was considered and noted

AS/7 **INTERNAL AUDIT ANNUAL REPORT 2015/16.**

The internal auditor presented the report to the Sub-Committee.

Councillor Ford queried the ethical audit into declarations of interest and its 'reasonable' rating, for which the auditor gave an explanation.

The Chairman referred to the cash collection issue. The Director of Finance and Corporate Services clarified that the matter had been investigated by the Council's external contractor before audit were asked to review. This had led to disciplinary action and the external contractor had made good the reported loss.

Councillor Dunn referred to the number of weak controls in Corporate Services; the auditor confirming that the findings posed no major concerns, especially compared to that found elsewhere.

RESOLVED:-

Members considered and noted the Annual Internal Audit Opinion for 2015/16.

AS/8 **LOCAL CODE OF CORPORATE GOVERNANCE – ANNUAL REVIEW 2015/16.**

RESOLVED:-

- 1) That the annual assessment of the Council's Local Code of Corporate Governance for 2015/16 was approved.***
- 2) That the completion of the work plan to strengthen the Council's governance arrangements in 2015/16 was noted.***

AS/9 **ANNUAL GOVERNANCE STATEMENT 2015/16.**

The Monitoring Officer presented the report to the Sub-Committee, highlighting a typographical error within Section C Internal Audit should have referred to the 2015 Account and Audit Regulations , not 2003. The external auditor also requested that against the Value for Money Assessment, reference be made to it relating to 2014/15.

RESOLVED:-

- 1) That the Annual Governance Statement, incorporating the above two amendments, was recommended to the Finance and Management Committee for the year ended 31st March 2016 and for its publication within the Statement of Accounts for 2015/16.**
- 2) The Leader of the Council and Chief Executive Officer were authorised to sign the Annual Governance Statement.**

AS/10

LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)

RESOLVED:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11

The Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 4.45pm.

COUNCILLOR J GRANT

CHAIRMAN