

AUDIT SUB-COMMITTEE

20<sup>th</sup> September 2017

**PRESENT:-**

**Conservative Group**

Councillor Atkin (Vice-Chairman) and Councillor Mrs Wyatt

**Labour Group**

Councillors Dunn and Shepherd

AS/15 **APOLOGIES**

Apologies for absence from the Meeting were received on behalf of Councillor Grant (Conservative Group)

AS/16 **MINUTES**

The Open Minutes of the Meeting held on 14<sup>th</sup> June 2017 were taken as read, approved as a true record and signed by the Chairman.

AS/17 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/18 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

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

AS/19 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

**MATTERS DELEGATED TO SUB-COMMITTEE**

AS/20 **LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING**

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

Councillor Shepherd referred to the Key Questions for the Audit Committee in the report, specifically whether women were able to progress to senior management within the organisation. The Chief Executive stated that the

Authority has a good record in this respect with women represented across all grades, but was certainly a matter that could be reviewed in greater detail.

Councillor Dunn sought assurances regarding significant commercial activities, as also referenced in the Key Questions, in particular the proposed Regeneration Route in Woodville. The Chief Executive confirmed that, following recent discussion with County Council officials, a planning application relating to this project was expected shortly. Councillor Shepherd also raised the Infinity Village project under this heading, noting that this matter was also progressing.

**RESOLVED:-**

***Members considered the key questions posed by the Council's External Auditors contained in their recent sector update.***

AS/21 **INTERNAL AUDIT ANNUAL REPORT 2016/17**

The internal auditor presented the report to the Sub-Committee, outlining the update activities since the June 2017 report was submitted.

Councillor Dunn queried the assurance and risk ratings quoted in the report, which he felt did not always correspond. The auditor clarified the methodology used to arrive at the stated outcomes, aimed at providing consistency across all findings.

**RESOLVED:-**

***Members considered and noted the Annual Internal Audit Opinion for 2016/17.***

AS/22 **INTERNAL AUDIT PROGRESS REPORT**

The internal auditor presented the report to the Sub-Committee, stating that all identified risks had been addressed or were to be addressed via future actions, with the number of outstanding recommendations still falling.

Councillor Dunn drew attention to the contracts issue and the suggestion that procedures had not been fully adhered to. The Chief Executive confirmed that the Authority had taken external legal advice on the matter in order to take a view on whether to pursue an overarching framework or continue with the existing contracts, the latter being the option taken.

Councillor Shepherd queried whether, as the department in question did not appear to have been acting in accordance with procedures, it had been subject to an audit in this respect, adding that it was unfortunate that the issues had been detected via whistleblower reports rather than audit activity. The Chief Executive outlined the actions taken to date, in particular the staffing

revisions that have occurred as a direct result. The internal auditors also clarified the audit process in this respect, the reporting of previous findings and subsequent lapses, particularly in the retention of evidence of action taken. It was confirmed that following thorough investigation of the incidents reported, 18 were found to have no substance, six with partial substance and five of substance. Councillor Shepherd stated that he took some comfort from the fact that the issues had now been thoroughly investigated and that the various processes and protocols were subject to ongoing monitoring.

Councillor Dunn queried whether, in relation to asbestos handling, any workers had been put at risk. The auditor stated that he was unable to comment in detail on that matter, the focus of their audit placed on the existence of procedures and adherence to them, although they had taken professional advice on the matter. The findings of the audit were that whilst procedures were in place and that staff were conversant with them, they had not been kept up to date. This had since been rectified, with processes put in place to ensure they were maintained and adhered to.

The Vice-Chairman queried how improvements would be monitored. The Chief Executive stated that the Action Plans approved by the Policy Committees and the quarterly Performance Reports submitted to these committees would show progress in all areas. It was appreciated that not all improvements would be immediate, given the large number of staffing changes in the department concerned, requiring some time to settle. Good satisfaction levels were being recorded, the stock was well maintained and evidently, the complaint process, including whistleblowing, was working effectively. The internal auditor added that an updated audit plan would be submitted to a future meeting, including the follow-up actions proposed to ensure that agreed actions are delivered.

**RESOLVED:-**

***Members considered the report of the Audit Manager and agreed that any issues identified are referred to the Finance and Management Committee or subject to a follow-up report as appropriate.***

AS/23 **AUDIT RESULTS REPORT ISA 260 REPORT FOR THE YEAR ENDING 31st MARCH 2017**

The external auditors presented the report to the Sub-Committee. With regard to the Value for Money element, they had identified two significant risks, namely regarding future financial resilience, based around the uncertainties of Business Rates Retention, New Homes Bonus and new build limits, as well as the whistleblowing incidents that had highlighted control weaknesses in the procurement of services. As a result of the whistleblowing and the outcome of the subsequent internal audit findings detailed in the previous report, the external auditors intended to issue a qualified 'except for' Value for Money conclusion, due to the above issues.

The auditors confirmed that they would be issuing an unqualified opinion on the Council's Accounts and Financial Statements for 2016/17. They highlighted some minor matters that had been addressed satisfactorily during the Audit. Comment was made on the information relating to gender pay, age and location, as raised by Members earlier in the meeting, which could be further enhanced for presentation at a future meeting.

**RESOLVED:-**

***Members considered and noted the report of the External Auditor.***

AS/24 **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.***

**MINUTES**

***The Exempt Minutes of the Meeting held on 14<sup>th</sup> June 2017 were received.***

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

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

The Meeting terminated at 5.10pm.

COUNCILLOR N ATKIN

VICE-CHAIRMAN