

AUDIT SUB-COMMITTEE

2nd April 2014

PRESENT:-

Conservative Group

Councillor Harrison (Chairman), Councillor Ford (Vice Chairman)

Labour Group

Councillor Dunn and Shepherd

AS/20 **APOLOGY**

An apology for absence from the Meeting was received from Councillor Mrs. Hood (Conservative)

MATTERS DELEGATED TO SUB-COMMITTEE

AS/21 **EXTERNAL AUDIT PLAN YEAR ENDING 31ST MARCH 2014**

The Council's appointed Auditors presented their Annual Plan and approach for the year ending 2014. This set out where the External Auditors would focus their activities and predominantly would involve work on the annual accounts and financial statements, arrangements for securing value for money, assessing the Annual Governance Statement and other emerging issues, such as pensions. It was a broad plan to detail how the auditors would approach their work in order to satisfy statutory requirements. The outcome will be reported to the Sub-Committee in September 2014, with the Annual Audit Letter being reported to Council in December 2014. Kyla Bellingall took Members through the report and responded to questions. The issues discussed included the Medium Term Financial Plan deficit, CIPFA training, and fees for the Audit being set by The Audit Commission.

RESOLVED:-

That the proposed Audit Plan for 2013/14 and the proposed approach to undertaking audit work for the year is approved.

AS/22 **GRANT CERTIFICATION WORK PLAN 2013-14**

A report was submitted to enable the Sub-Committee to consider the proposed Grant Certification Work Plan for 2013/14. In particular, Members were asked to consider the recommendation in an Action Plan appended to the Auditor's report.

The plan provided an estimate of the fees that would be charged to the Council and how they were calculated.

It was confirmed that the results would be reported to the committee next year following completion of the Auditors work.

Members reviewed the documents, commenting on the results of the certification work and the claims history. A Summary of expected claims & returns for the year ended 31st March for 2014 was appended to the report. It was also confirmed that all areas were on track for the plan.

RESOLVED:-

That the proposed Plan for 2013/14 and the proposed approach to undertaking the grant certification work for the year is approved.

AS/23 **AUDIT COMMISSION UPDATE YEAR ENDING 31ST MARCH 2014**

A report was submitted from the Council's External Auditors, detailing the progress on delivering their responsibilities for 2013/14. This included an update on interim accounts work, together with a summary of emerging national issues and developments that may be relevant to the Council.

The report focused on what the Council should address in the current financial climate, together with legislative changes in areas such as welfare reform, pensions and Audit. Next the report contained an update on the interim accounts work, with no matters to report. Finally it was noted that English Local Authorities have showed resilience despite 20% reduction in grant from the Government, although some are predicting reaching tipping point with 79% anticipating some kind of tipping point in 2015/16 – 2016/17. The report confirmed that this council has met 38 of the 40 measures required to demonstrate that financial policy and procedures are satisfactory.

Members asked questions on the changes to the public services pension scheme and property, plant and equipment valuations.

RESOLVED:-

- 1. That the report is noted.***
- 2. That any emerging issues requiring an update are subject to a future report to the Committee.***

AS/24 **INFORMING THE AUDIT RISK ASSESSMENT**

A Report was submitted for the Sub Committee to consider some important areas of the auditor risk assessment where the External Auditors are required to make inquiries under auditing standards.

The purpose of the report is to contribute towards the effective two-way communication between auditors and the Council's Audit Sub-

Committee, as 'those charged with governance'.

It was further explained that the two-way communication assists both the auditor and the Audit Sub-Committee in understanding matters relating to the audit and developing a constructive working relationship.

As part of the risk assessment procedures the auditors are required to obtain an understanding of management processes and the Audit Sub- Committee's oversight of the following areas:

- fraud
- laws and regulations
- going concern.

The report included a series of questions on each of these areas and the responses received from the Council's management.

Members asked questions on how fraudulent activities are prevented regarding procurement, The Director of Finance and Corporate Services explained the procedures in place to prevent this.

RESOLVED:-

That the report is noted.

AS/25 **BENCHMARKING THE COUNCIL'S ARRANGEMENTS FOR SECURING FINANCIAL RESILIENCE**

A report was submitted to compare the Council's performance in securing financial resilience with other councils. It was noted that this was part of the Auditor's statutory responsibility to assess whether the Council generally provides value for money.

The Auditor took members through the report firstly explaining the value for money conclusion and definition of ratings. Next the report explained the performance over the last three years with benchmarking results against all councils, Derbyshire councils and district councils.

Members commented that the results were a credit to Officers and wished comments to be passed back to the relevant team.

RESOLVED:-

That the report is noted.

AS/26 **INTERNAL AUDIT PLAN 2014-15**

The Sub-Committee was asked to consider the Internal Audit Plan for 2014/15. It had been prepared by the Audit Manager in consultation with the Director of Finance and Corporate Services. The Plan detailed where Audit was proposing to allocate resources over the coming financial year and included an assessment of the Council's risk areas. Adrian Manifold took Members through the circulated report and responded to questions.

RESOLVED:-

That the Internal Audit Plan for 2014/15 is approved for implementation.

AS/27 **CIPFA – PRACTICAL GUIDANCE FOR AUDIT COMMITTEES**

A report was submitted to update members on the guidance regarding the Chartered Institute of Public Finance and Accountancy on Audit Committees together with self-assessment on good practice. Members asked whether training could be provided. Richard Boneham agreed to provide the training to members. It was agreed to wait until after annual council to see who would sit on the committee for the coming year.

RESOLVED:-

- 1. That The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance is noted.***
- 2. That a self-assessment based on the CIPFA template (Appendix 3 of the report) is carried out.***
- 3. That training is arranged post Annual Council for Audit sub Committee members and any other members that wish to attend.***

J. HARRISON

CHAIRMAN

The Meeting terminated at 5.05 p.m.