

AUDIT SUB-COMMITTEE

15th February 2017

PRESENT:-

Conservative Group

Councillor Grant (Chairman) and Councillor Ford.

Labour Group

Councillors Dunn and Shepherd.

AS/30 **APOLOGIES**

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

AS/31 **DECLARATIONS OF INTEREST**

Councillor Ford declared a personal interest in Item 7 on the Agenda by reason of being an acquaintance of Mr Steve Clark from the Council's auditors, Ernst and Young.

AS/32 **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/33 **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/34 **CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015/16**

The representative from the Council's external auditors, Ernst & Young, presented the report to Members, summarising the findings from their certification of the Housing Benefits Subsidy Claim for the Department for Work and Pensions (DWP), together with the Pooling of Housing Capital Receipts for the Department for Communities and Local Government.

The Chairman expressed concern that issues that had been previously highlighted remained to be resolved. The Director of Finance and Corporate Services explained that although this was disappointing, future processing has been brought back in-house so that the Council has direct operational responsibility for compliance and integrity of individual claims. The Chairman proposed that an interim report be presented to Committee in order to monitor and review the progress, this was carried by Committee. The Assistant Audit Manager advised Members that due to the timing of the report being late in the financial year, the issues identified are not able to be rectified until the following financial year.

RESOLVED:-

Members considered the Claims and Returns Report for 2015/16 and noted the actions outlined in Section 5 to the Auditor's Report. In addition Members approved that an interim progress report be referred to Committee in 6 months.

AS/35 **INTERNAL AUDIT PROGRESS REPORT**

The internal auditor presented the report to the Sub-Committee, updating Members that most audits were progressing according to the approved Internal Audit Plan. However, it was highlighted that some planned audits had been deferred due to additional resources being used to work on investigations. It was advised that the internal audit team were seeking agency cover to resolve this matter.

The Chairman requested clarification on the financial implications of recruiting agency staff. The internal auditor stated there would be no financial implications for the authority as the cost would be to the Central Midland Audit Partnership (CMAP).

Councillor Ford sought reassurance that the planned audits that had been deferred would be brought back into line. The internal auditor explained that with agency cover, audits would be completed in a timely manner.

RESOLVED:-

The report of the Audit Manager was considered and noted.

AS/36 **EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 31ST MARCH 2017**

The Head of the Audit Partnership introduced the Senior Manager with Ernst and Young who presented this report to Members highlighting that the document outlined the approach to Audits undertaken and that this plan would

be similar to previous years. It was noted that in terms of Financial Statement risks, auditing standards prescribe that two particular risks be considered in every audit; the risk of fraud in revenue recognition and the risk of management overriding controls. The external auditor explained how the Audit Plan would address these risks. It was highlighted that a change to the presentation of financial statements would be required this year and that the external audit and finance team would work in collaboration on this. Members were also advised that any mis-statements greater than £230,000 would be reported to this Committee.

RESOLVED:-

That the proposed Audit Plan for the year ending 31st March 2017 be noted and the proposed approach to undertaking audit work for the year be approved.

AS/37 **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.

ADDENDUM - INTERNAL AUDIT PROGRESS REPORT (Paragraph 1)

Members approved the recommendations in the report.

ADDENDUM - EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 31st MARCH 2017 (Paragraph 1)

Members approved the recommendations in the report.

The Meeting terminated at 5.10pm.

COUNCILLOR J GRANT

CHAIRMAN