OPEN

# AUDIT SUB-COMMITTEE

14th December 2016

**PRESENT:-**

**Conservative Group**
Councillor Grant (Chairman) and Councillor Mrs Wyatt.

**Labour Group**
Councillors Dunn and Shepherd.

## AS/19 APOLOGIES

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

## AS/20 MINUTES

The Open Minutes of the Meetings held on 21st September 2016 were taken as read, approved as a true record and signed by the Chairman.

## AS/21 DECLARATIONS OF INTEREST

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

## AS/22 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/23 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.

Councillors Shepherd joined the Meeting at 4:05pm

## MATTERS DELEGATED TO SUB-COMMITTEE

## AS/24 LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The representative from the Council's external auditors, Ernst & Young, introduced the report to Members, outlining the latest developments and audit matters affecting the Local Government Sector.

Councillor Dunn addressed the Sub-Committee referring to page 11 of the report stating his concern that the sub-section 'schools no longer required to convert to academies' could infer that schools were now allowed to remain under local authority, but clarified this is not necessarily the case. The external auditor explained that the document is an update on current law aimed at briefing the Committee on the latest developments and audit matters affecting the Local Government Sector.

***RESOLVED*:-**

***The Committee noted the key questions raised by the Council's External Auditors contained in their quarterly sector update.***

AS/25 **INTERNAL AUDIT PROGRESS REPORT**

The internal auditor presented the report to the Sub-Committee, updating Members that audits were progressing according to the approved Internal Audit Plan. However, he highlighted that some audits would be deferred due to additional resources being used on investigations. In addition, some audits would be refocused to ensure potential control issues with the ending of the Northgate Contract were covered. The Chairman noted and commended the Director of Finance and Corporate Services and his team for the improvement in recommendation implementation, with those outstanding down from above 40 last year to 18 this year.

Councillor Dunn queried the ongoing whistleblowing investigation and the internal auditor responded that the report is in the process of being finalised. The external auditor added that they had been kept updated with developments.

***RESOLVED*:-**

***The report of the Audit Manager was considered and noted.***

AS/26 **INTERNAL AUDIT CHARTER**

The Head of the Audit Partnership presented this report to Members highlighting that the document outlined the approach to Audits undertaken. The addition of Amber Valley and Ashfield District Council, together with the Derbyshire Fire and Rescue Service in January 2016 has broadened the scope and meant changes to the Partnership Board. The Committee was advised that another Derbyshire Authority had opted not to approve the CMAP Audit Charter and had hired an external consultant to conduct an assessment.

Councillor Dunn questioned the cost of hiring the consultant to which the auditor responded that there is no cost to South Derbyshire District Council as the other authority would incur these. Councillor Shepherd expressed his concern that the other authority had currently decided not to approve the charter and queried whether South Derbyshire needed to act on this information. The auditor reassured Members that due to the continuous self-assessments conducted, this additional check would not be necessary. The auditor clarified that any feedback from the consultant would be submitted to the Committee.

***RESOLVED:-***

***That the Internal Audit Charter for the Central Midlands Audit Partnership (CMAP) be approved.***

AS/27 **LOCAL CODE OF CORPORATE GOVERNANCE**

The Director of Finance and Corporate Services presented the report to Members highlighting that when assessed against the new framework, the Council's governance arrangements had met the criteria demonstrating that it has a sound system of corporate governance in place.

Councillor Dunn referred to page 52 of the report querying whether in the absence of an Information Government Officer if recruiting to the post would be financially effective. The Director of Finance and Corporate Services responded that the Council was close to finalising an agreement with Derby City Council to buy-in this service.

***RESOLVED:-***

1) ***That the changes to the national framework for delivering good governance in local government were considered and noted.***

2) ***That the Council would adopt the new national framework for its Local Code of Corporate Governance.***

3) ***That the assessment of the Council's arrangements within the new framework as detailed in Appendix 1 was considered and noted.***

4) ***That the areas identified to strengthen governance were considered and approved.***

5) ***That progress on the approved actions stemming from the Council's Annual Governance Statement for 2015/16 were considered and approved.***

AS/28 **AUDIT AND ACCOUNTS: FORTHCOMING CHANGES**

The Director of Finance and Corporate Services presented the report to the Sub-Committee, explaining that after the current external auditors contract ends in 2018, Members would need to consider the future appointment of external audit. The preferred option would need to be approved by March 2017. The Director of Finance and Corporate Services outlined the options available, recommending that the collective procurement route would best fit with the Council's requirements.

***RESOLVED:-***

1. ***That the report be considered and noted.***

2. ***That the Council would opt into the national procurement framework for the appointment of its External Auditors from the financial year 2018/19 and this would be recommended to Full Council on 19th January 2017.***

AS/29 **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 4.50pm.

COUNCILLOR J GRANT

CHAIRMAN