

Minutes

of the Meeting of the

Audit Committee

Wednesday, 10th September 2014

held at the Town Hall, Weston-super-Mare, Somerset.

Meeting Commenced: 10am Meeting Concluded: 11.28am

Councillors:

P Tony Moulin (Chairman)

A Mary Blatchford

P David Jolley

P Bob Garner

P Deborah Yamanaka

Independent Members:

P Beverley Robertshaw

P Tony Roche

P: Present

A: Apologies for absence submitted

Also in attendance: Councillors Tony Lake and Dawn Payne. Peter Barber and Karen Beckingham of Grant Thornton.

Officers in attendance: Heather Sanders (Corporate Services), Louise Thomas (Corporate Services), Mel Watts (Corporate Services), Jeff Wring (Corporate Services)

AUD Newly appointed independent member/departure of Section 151 Officer 16

The Chairman extended a warm welcome to Beverley Robertshaw who was attending her first meeting since having been appointed by the Council as the Audit Committee's second independent member.

Thanking Peter Sloman for his support over the years the Chairman wished him well for the future. Members of the Committee warmly endorsed these sentiments.

AUD Declarations of Interest by Members (Agenda item 3) 17

None.

AUD Minutes of the Meeting held on 05 June 2014 (Agenda item 4) 18

Resolved: that the minutes of the meeting be approved as a correct record.

AUD 19 Report of the Council's external auditors (Agenda item 7.1)

The Chairman had agreed to consider this matter as an urgent item of business in order for Members to consider the issues raised therein, which would inform the Committee's recommendations to the Council regarding the Statement of Accounts 2013/14 (Minute No. AUD 21 refers).

Audit Findings for North Somerset year ended 31/03/14

A representative of Grant Thornton presented the report which highlighted key matters arising from the audit of the Council's financial statements for the year ended 31 March 2014, advising that the audit was substantially complete he told the Committee that no material errors had been found in the accounts and consequently it was anticipated that an unqualified opinion would be provided on the financial statements once the work had been concluded. The report outlined the findings arising from the work that had been undertaken in respect of those risks identified in the audit plan, the Value for Money conclusion was also set out in the report as was the final fees payable for these services.

Referring to the issues raised in the report the representative from Grant Thornton commented on the need to strengthen the financial control arrangements relating to Section 256 agreements with North Somerset CCG. A Member referred to the perceived lack of transparency, commenting that in respect of these agreements the Council was not in control of its own budgets.

Responding to a query about the audit of welfare expenditure the representative of Grant Thornton confirmed that no material risk of misstatement had been identified.

Noting the conclusion that the valuations held in the accounts for property, plant and equipment were materially correct, Members none-the-less expressed concern about the risks inherent in continuing the rolling programme of asset revaluation. The Committee was re-assured that the officers were looking at these arrangements in light of compliance with the Code of Practice.

The Committee expressed thanks to the finance teams concerned for all of the work undertaken in preparation of the final accounts.

Resolved: that the report be noted.

AUD 20 Letter of Representation (Agenda item 7.2)

The Chairman had agreed to consider this matter as an urgent item of business in order for the Committee to approve the Letter of Representation, prior to his signing the same.

Members considered that they would like to have sight of the Letter of Representation prior to this being signed by the Chairman. Officers undertook to circulate copies of the Letter to Members of the Committee on the basis that they would notify the Chairman within 48 hours that they were happy for him to sign it.

Resolved:

- 1) that the Letter of Representation be circulated to Members of the Committee; and
- 2) that subsequently the Letter of Representation be signed by the Chairman.

AUD 21 Statement of Accounts 2013/14 - subject to Audit Inspection including Annual Governance Statement (Agenda item 08)

The Committee was invited to consider the Statement of Accounts 2013/14 and Annual Governance Statement, as contained within the report of the Councillor Workshop held on 17 July 2014.

The representative of the Head of Financial Management responded to Members' questions and queries and it was,

Resolved:

- 1) that the matters raised in the Annual Governance Statement be noted;
- 2) that any adjustments to the financial statements identified or reasons accepted for not amending be noted;
- 3) that the Letter of Representation be signed by the Chairman subsequent to this having been circulated to Members of the Committee (Minute No. AUD 20 refers).

It was further,

Recommended to the Council:

- 1) that the Statement of Accounts for 2013/14 be approved;
- 2) that the Chairman of the Council and the Chief Finance Officer sign the Council's Statement of Accounts for 2013/14 as representing a 'true and fair view' of the financial position of the Council as at 31st March 2014;
- 3) that the Leader of the Council and the Chief Executive Officer formally approve the Council's Annual Governance Statement as part of the financial statements and sign accordingly.

AUD 22 Annual Report (Agenda item 9)

Members considered the Annual Report which set out the work that had been undertaken by the Committee during the year September 2013 to July 2014. It was noted that at the last workshop the Committee had agreed to add an item to the forward work programme for 2014-15 concerning the Council's Transformation Programme.

Resolved: that subject to the amendment detailed above the Annual Report 2013/14 be approved.

It was further,

Recommended to the Council: that the Audit Committee Annual Report 2013/14, as amended, be received.

**AUD
23** **Terms of Reference (Agenda item 10)**

Members were invited to consider the Committee's Terms of Reference. The Head of Audit and Assurance circulated a supplementary paper detailing those areas highlighted in a recent review against CIPFA best practice.

Members discussed the advantages/disadvantages of approval of the Annual Accounts being delegated to the Audit Committee. Members also considered best practice in relation to independent scrutiny of Treasury Management. Councillor Lake suggested that the changes to the Committee's Terms of Reference identified in the review required further discussion between the respective Chairmen, Executive Members and officers.

Resolved: that consideration of Terms of Reference be deferred pending further discussion.

**AUD
23** **Joint working with B&NES (Agenda item 11)**

Referring to the briefing he had given to the Member workshop in July the Head of Audit and Assurance updated the Committee on progress with joint working with B&NES, including: the recent Executive & Cabinet decisions to support joint working; adoption of audit management software; and moves towards the full integration of the two internal audit services. He proposed a further informal briefing for Members of the Committee in early October.

Responding to a question he confirmed that at least one post would be lost as a result of the savings requirement within the Medium Term Financial Plan.

**AUD
24** **Forward Work Programme (Agenda item 12)**

Commenting on the already busy programme the Chairman invited the Committee to consider the forward work plan for 2014-15. Members noted that the December workshop would receive updates on a range of areas including contract management, internal audit performance, the risks affecting the Transformation Programme and Strategic Risk Register and on the 2013/14 financial control issue relating to s256 Agreements highlighted by Grant Thornton in the Audit Findings report. Members welcomed the Chairman's suggestion of an extended workshop session as this would avoid the need to re-programme items in the work plan.

Resolved: that the work programme be updated and agreed.

Chairman
