

# Minutes

of the Meeting of the

## Audit Committee

**Wednesday, 25th April 2018**

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

Meeting Commenced: 2:00pm     Meeting Concluded: 3:10pm

### Councillors:

P Mary Blatchford (Chairman)

P David Jolley (Vice-Chairman)

P Bob Garner

P John Ley-Morgan

A Marcia Pepperall

P: Present

A: Apologies for absence submitted

**Independent Member:** Tony Roche

**Also in attendance:** Katy Whybray (Grant Thornton)

**Officers in attendance:** Peter Cann (Audit West), Tim Nelson (Corporate Services), Jeff Wring (Audit West), Melanie Watts (Corporate Services)

#### **AUD     Declaration of Disclosable Pecuniary Interest (Agenda item 3)**

**17**

None.

#### **AUD     Minutes of the Meeting held on 07 December 2017 (Agenda item 4)**

**18**

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

#### **AUD     External Audit – Annual Plan and Update Report (Agenda item 6)**

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Katie Whybray of Grant Thornton gave a report on the External Audit Plan, which provided an overview of the planned statutory audit of North Somerset Council. The report listed the significant risks which, in the judgement of the auditor, required special consideration. These included fraudulent transactions, management override of controls, valuation of property, and valuation of pension fund net liability. Katie Whybray indicated that planning materiality would be set at £8.443m, which is 2% of North Somerset's reported prior year gross expenditure.

In response to a question from Tony Roche the representative of the Head of Finance and Property confirmed the adult and children's social care overspend was in the directorate risk assessment.

Councillor Garner asked whether social care services were being deliberately under-budgeted, and suggested there could be a larger contingency put in place. The representative of the Head of Finance and Property responded that the budget was based on figures provided by the directorate, but since they were provided, the numbers had risen. The Chairman suggested this issue was a matter for the Children and Young People's Services Panel and the Adult Services and Housing Panel.

Katie Whybray then introduced the Audit Progress Report and Sector Update, which recommended that journal authorisation controls were implemented in the form of a preventative (system based) control which required journal authorisation before posting to the general ledger, or retrospective review of journal entries. The management response was that while recognising the issue raised, they did not believe this would provide significant additional assurance when compared to the level of risk. They believed the current systems in place were adequate, and in line with other local authorities. Tony Roche asked whether management were happy with the level of risk involved and the representative of the Head of Finance and Property confirmed they were. She added that the Audit Committee could ask for a report on this.

Katie Whybray then reported on the Grant Certification Letter for the year ended 31 March 2017. Tony Roche asked whether they ever received a response from the Department of Work and Pensions with regards to findings being reported to them. The Head of Audit West responded it would depend upon the type of error, and there has been no response on this so far.

**Resolved:** that the reports be noted.

## **AUD 20      Audit and Assurance Annual report 2017/18 (Agenda item 7)**

The representative of the Head of Audit West reported on the Internal Annual Audit Report and discussed each of the performance indicators in the summary dashboard. On specific issues and audit reviews he highlighted the savings made with regards to direct payments following an audit review. This was achieved by improvements made in recovering overpayments and preventing overpayment.

The Head of Audit West highlighted section 2.1 of the report which covered public sector internal audit standards, where Audit West was found to 'generally conform' to Public Sector Internal Audit Standards. It was noted that 'generally conform' is the top rating. Councillor Garner welcomed the improvements in section 2.2 of the report. In response to a question from Tony Roche the representative of the Head of Audit West confirmed some of the issues in Appendix B such as the issues in debt were ongoing issues. Tony Roche asked for an update at the next meeting to see if the issues had been resolved and the Head of Audit West agreed to update the Committee

verbally at the next meeting. The Committee then thanked the Internal Audit team for their work during the year and interaction with the Committee.

**Resolved:** that the report be noted.

**AUD 21     Audit and Assurance Plan 2018/19 (Agenda item 8)**

The Head of Audit West presented the Internal Audit Annual Plan, which forms the principal work of the Internal Audit Service. Producing the plan involved using the Reasonable Assurance Model, as set out in section 3 of the report. The Committee discussed the risk assessment process and the proposed audits and thanked the Internal Audit team for the clarity of the report.

**Resolved:** that the audit plan for 2018/19 be approved.

**AUD 22     Audit Committee Annual Report (Agenda item 9)**

The Head of Audit West confirmed that due to early closing of accounts this report would now be presented to committee at the July meeting, so that the Chairman could present it to the full Council. A draft of the report would be agreed with the Chair of the Committee in advance of the meeting.

**Resolved:** that the approach to approving the Annual Report for 2017/18 be endorsed.

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Chairman

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