



Draft Minutes

of the Meeting of the

Audit Committee

Thursday, 25th July 2019

held at the Town Hall, Weston-super-Mare

Meeting Commenced: 2pm

Meeting Concluded: 4.05pm

Councillors:

P John Cato (Chairman)

P Geoffrey Richardson (Vice-Chairman)

P Sandra Hearne

P Marcia Pepperall

A Richard Westwood

P: Present

A: Apologies for absence submitted

Also in attendance: Barrie Morris and Katie Whybray of Grant Thornton

Officers in attendance: Mark Anderson (Corporate Services), Stephen Ballard (Corporate Services), Nicholas Brian (Corporate Services), Peter Cann (Audit West), Richard Penska (Corporate Services), Heather Sanders (Corporate Services), Melanie Watts (Corporate Services), Jeff Wring (Audit West)

AUD 1 Election of Vice-Chairman for the Municipal Year 2019-20 (Agenda item 1)

Resolved: that Councillor Geoffrey Richardson be elected as Vice-Chairman of the Audit Committee for the Municipal Year 2019-20.

AUD 2 Declaration of Disclosable Pecuniary Interest (Agenda item 3)

None.

AUD 3 Minutes of the Meeting held on 30 January 2019 (Agenda item 4)

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

AUD 4 Statement of Accounts 2018/19 (Agenda item 7)

The Chairman ruled that the following supporting documents be considered as urgent items of business to enable Members to consider the issues raised therein, in order to fully inform the Committee's decision regarding approval of the Statement of Accounts:- Audit Findings Report for the year ended 31

March 2019; Revised Statement of Accounts 2018/19; Draft Letter of Representation 2018/19.

The Corporate Accountancy Manager presented the revised Statement of Accounts and summarised the adjustments that had been agreed with the Council's external auditor. Barrie Morris of Grant Thornton presented the Audit Findings Report, advising that work on the financial statements was substantially complete.

Members discussed the following:

Journal entries not requiring authorisation prior to being posted, the officers explained that monthly key control reconciliations were carried out independently, highlighting any non-aligned transactions; governance and transparency of property valuations; pension funding gaps including the governance and transparency of pension fund liabilities; Dedicated Schools Grant deficit and five-year recovery plan; NNDR/negative growth in business rate receipts and KPI/value trends; Sovereign Centre valuations and assurance to Members regarding the arrangements for managing this investment; further insight into valuations, yields and trends in relation to land and buildings; Future financial sustainability/Value for Money/investment activity and increasing budget shortfalls; Medium Term Financial Plan and managing ongoing cuts going forward; monitoring Teachers' Pensions returns; LGPS and risk management arising from the ongoing effects of the McCloud judgement.

Resolved:

- 1) that the Letter of Representation be approved;
- 2) that the Statement of Accounts for 2018/19 be approved;
- 3) that arrangements be made for the Chair of the Audit Committee and the Chief Financial Officer to sign the Accounts for 2018/19 as representing a 'true and fair view' of the financial position as at 31 March 2019; and
- 4) that arrangements be made for the Leader of the Council and the Chief Executive Officer to formally approve the Annual Governance Statement as part of the financial accounts and sign accordingly.

AUD 5 Treasury Management Out-turn 2018/19 (Agenda item 8)

The Principal Accountant Resources presented the report which informed the Committee of the Council's treasury management activities during 2018/19, together with the prudential indicators for 2018/19. He then responded to Members' questions and queries.

Members discussed the following:

Cash flows throughout the year; the use of acronyms and benefits of standard numbering systems; cost of investment advice services; CCLA property fund, pooled investment funds, investment performance and the associated decision making processes; Brexit risks/sub-regional resilience forum; Risk register; Debt and Debt management governance.

Resolved: that the Council's performance in carrying out its treasury management activities in 2018/19 and the prudential indicators for 2018/19 be noted.

AUD 6 Audit & Assurance Annual report 2018-19 (Agenda item 9)

The Service Director Audit West presented the report which set out the work carried out by the Internal Audit Service in accordance with the Audit Assurance Plan, as well as unplanned investigations. The report included a summary of audit performance and key issues as well as the formal opinion on the internal control environment. The Service Director Audit West and Head of Audit & Assurance then responded to Members' questions and queries.

Members discussed the work of the Internal Audit Service, including the balance between planned and unplanned work and the informal and formal investigations undertaken throughout the year.

Resolved: that the Audit & Assurance Annual Report 2018-19 and formal opinion on the internal control environment be noted.

AUD 7 Audit & Assurance Plan 2019-20 (Agenda item 10)

The Service Director Audit West presented the report outlining the principal work that would be undertaken by the Internal Audit Service in 2019-20. The Service Director Audit West and Head of Audit & Assurance then responded to Members' questions and queries.

Members discussed the risk assessment process and the reasonable assurance model used to assess the internal control framework.

Resolved: that the Audit & Assurance Plan for 2019-20 be noted.

AUD 8 Audit Committee Annual Report (Agenda item 11)

The Chairman presented the Annual Report which set out a summary of the work undertaken by the Committee in the previous year and provided a commentary over key areas of financial and corporate governance and associated assurance activities. The report also included a revised terms of reference based on CIPFA's Best Practice guidance, for the Committee's consideration.

Approving the Annual Report Members discussed the revised terms of reference, agreeing that this warranted further consideration prior to being recommended to the Council for adoption, with the Chairman proposing that this be carried out via a working group.

Recommended to the Council: that the Audit Committee Annual Report 2018/19 be received.

Chairman
