

**Minutes of the Audit Committee  
17 October 2017**

**Present:**

Councillor M.J. Madams (Chairman)  
Councillor D. Patel (Vice-Chairman)

Councillors:

J.G. Kavanagh                      H.A. Thomson  
B.B. Spoor                              H.R.D. Williams

**Apologies:**    Councillors T.J.M. Evans

**545/17    Minutes**

The minutes of the meeting held on 22 June 2017 were approved as a correct record.

**546/17    Disclosures of Interest**

There were none.

**547/17    External Audit report on Audit and Statement of Accounts 2016-17**

The Chief Finance Officer reported that external auditors appointed by the Public Sector Audit Appointments, KPMG, were required, in accordance with international auditing standards, to annually report to the Council on:

- Their opinion on the Statement of Accounts
- Any uncorrected items in the Statement of Accounts
- Qualitative aspects of the Council's accounting practices and financial reporting
- The Annual Governance Statement
- Their annual Value for Money conclusion

They also report annually on their audit of the Council's accounting and internal control systems.

The Chief Finance Officer explained that it had been a challenging Statement of Accounts process this year both for the Accountancy team and for the auditors. This was largely as result of the team losing both the Deputy Chief Accountant and then the Chief Accountant. However, the Council now has in place an experienced permanent chief accountant and a permanent deputy chief accountant with a good range of technical accounting experience.

Joanne Lees, on behalf of KPMG, presented the report and responded to members' questions. She gave a positive overall conclusion and concluded that the Annual Governance Statement was satisfactory.

The external auditor explained that as result of the additional work generated to review the arrangements and impact of the BP site acquisition, KPMG were still concluding their work reviewing to confirm that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

**Resolved** that:

- 1) The Audit Committee notes the External Auditor's 2016-17 audit report;
- 2) The Chief Finance Officer and Chairman of the Committee sign the statement of accounts, subject to the receipt of KPMG's final report and value for money statement, following the completion of their work to review the BP site acquisition;
- 3) The Audit Committee notes the draft officer responses to the recommendations made in Appendices 1 and 2 of the Auditors' report.

#### **548/17 Corporate Risk Management**

The Internal Audit Manager summarised the risks affecting the Council as outlined in the report and highlighted a number of issues, specifically information governance, ICT security, risk of failure in service delivery, the Code of Corporate Governance, procurement, housing, business rates income, acquisitions and investments and debt recovery.

The Committee discussed a number of risks associated with ICT security, in particular concerns in relation to Wi-Fi security at the council offices and the risk of a KRACK attack. Officers agreed to share these concerns with ICT for further consideration.

The revised Register was considered to be an accurate reflection of the high level risks affecting the Authority and progress on actions was documented on the Register.

**Resolved** that:

1. The contents of the Corporate Risk Register be noted and accepted;
2. That the Corporate Risk Register be recommended to Cabinet for approval.

#### **549/17 Annual Governance Statement 2016-17**

The Chief Finance Officer presented his report and outlined the content of the Annual Governance Statement 2016-17. The Statement reviewed arrangements for corporate governance and internal control as required by the Accounts and Audit Regulations 2006.

**Resolved** that the draft Annual Governance Statement at Appendix 1 to the report of the Chief Finance Officer be approved and that the improvement actions identified in the Statement be endorsed.

**550/17 Annual Review of the effectiveness of internal Audit 2016-17**

The Internal Audit Manager presented her report on the effectiveness of the system of internal audit. She referred to various performance indicators used to assess internal audit activity including the Service Plan, Audit Plan, conformance with professional standards, external audit assessment, achievements in 2016-17 as well as improvement measures for 2017-18.

The Chairman commended the Internal Audit and Customer Services business rates teams on their impressive fraud return work in the area of business rates.

**Resolved** to note the report on the effectiveness of internal audit 2016-17.

**551/17 Interim Internal Audit Report**

The Internal Audit Manager presented her report which summarised the work undertaken by Audit Services during the period April 2017 to September 2017. The level of assurance granted for each audit review based on an assessment of the control environment was reported.

**Resolved** to note the Interim Internal Audit report.

**552/17 Consultation on auditor appointment from 2018/19**

The Chief Finance Officer presented his report which set out the process for appointing external auditors for a five year period commencing with the 2018-19 accounts audit.

**Resolved** to note the update on the appointment of external auditors from 2018-19.

**553/17 Update on Recruitment and Retention; Procurement; Partnership Governance**

The Committee noted the report and requested a further update on these issues for consideration at its next meeting.

On procurement, the Committee asked that the newly appointed Procurement and Contract Manager attend the next meeting of the Committee to update members on progress and share details of the prioritised work programme that is under development.

On partnerships, the Committee noted that governance arrangements needed to be documented and embedded as quickly as possible.

On recruitment matters, the Committee wanted a more detailed update on progress with apprenticeship arrangements at the Council.

**Resolved** to note the update on recruitment and retention, procurement and partnership governance.

**554/17 Update on Code of Corporate Governance**

The Committee noted the report and requested a further update on this issue for consideration at its next meeting.

**Resolved** to note the update the Code of Corporate Governance.

**555/17 Committee Work Programme**

The Committee considered its Work Programme for the remainder of the 2017-18 Municipal year.

**Resolved** that the Committee Work Programme for the remainder of the 2017-18 Municipal year, be approved.