

COTSWOLD DISTRICT COUNCIL

AUDIT COMMITTEE

29TH AUGUST 2017

Present:

Councillor LR Wilkins - Chairman

AW Berry PCB Coleman (from 10.03 a.m.)
T Cheung R Theodoulou (from 10.05 a.m.)

AUD.16 SUBSTITUTION ARRANGEMENTS

No substitution arrangements had been put in place for this Meeting.

AUD.17 DECLARATIONS OF INTEREST

There were no declarations of interest under the Code of Conduct for Members or Section 106 of the Local Government Finance Act 1992.

There were no declarations of interest under the Code of Conduct for Officers.

AUD.18 MINUTES

RESOLVED that the Minutes of the Meeting of the Committee held on 4th July 2017 be approved as a correct record.

Record of Voting - for 4, against 0, abstentions 0, absent 1.

Arising thereon:

(i) Local Code of Corporate Governance (AUD.10(iii))

In response to a question from a Member, it was reported that the Council's Communications Team had been requested to provide Members with copies of future communications issued to citizens in relation to service changes.

(ii) Annual Internal Audit Opinion 2016/17 (AUD.11)

It was reported that the reference in the fourth paragraph of this Minute to 'Internal Audit offering advice on the drafting of Performance Indicators and Service Level Agreements when requested to do so' constituted an answer to a specific question.

AUD.19 CHAIRMAN'S ANNOUNCEMENTS

There were no announcements from the Chairman.

AUD.20 PUBLIC QUESTIONS

No public questions had been received.

AUD.21 MEMBER QUESTIONS

No questions had been submitted by Members.

AUD.22 STATEMENT OF ACCOUNTS 2016/17

Ms J Masci (Associate Director) of Grant Thornton, the Council's external auditor, was present for this item.

It was noted that the circulated report relating to the Statement of Accounts 2016/17 also included the audit findings for the Council for the financial year 2016/17 and the Letter of Representation 2016/17, which would enable a wide-ranging discussion.

Ms Masci was invited to address the Committee, and amplified various aspects of the Audit Findings report for the financial year 2016/17, including in relation to key audit and financial reporting issues; controls; the value for money conclusion; fees and charges; communication in relation to governance; and the action plan. Ms Masci and Officers then responded to various questions from Members relating to a property that had not been revalued during the past year, as required by the CIPFA code; recent changes in Officer roles and responsibilities; the undertaking of enhancements to narratives; the response to a significant matter previously identified; the review of the Agresso Business World system; and the Council's liabilities in relation to Ubico Ltd. In respect of this latter issue, it was suggested that the rationalisation of methods and systems with Ubico Ltd. could result in a reduction in the costs to this Council.

Officers then responded to various questions from Members in respect of the Statement of Accounts 2016/17 relating to the reported deficit on the Revenue Account; interest payments and similar expenses; and precepts and levies. Officers undertook to analyse the more significant items classified as 'other expenditure' and 'other income', and to forward information thereon to the Committee. It was suggested that all headings used in the Statement of Accounts should be referenced in the glossary in future such reports.

Strong concern was expressed in respect of the pension deficit and the forthcoming transfer of staff to Publica Ltd. In response, it was reported that the Council was aware of the impact and potential financial traps, having previously sought expert advice. Discussions with the Pension Fund Actuaries were on-going in this respect and arrangements were being put into place. It was reported that a number of Officers would continue to be directly employed by the Council. New recruits would be employed on a 'total rewards' basis, which was currently the subject of consultation. Notwithstanding the assurances given, it was suggested that the Council should consider seeking a refresh of the previous advice. In response, it was further reported that the Council had previously authorised Officers to enter into the necessary legal agreements in respect of Publica Ltd.; the Committee therefore requested sight of the Actuaries' reports, which were currently being commissioned.

The Committee was then requested to consider and approve the Council's Letter of Representation 2016/17.

RESOLVED that:

- (a) the Grant Thornton Audit Findings report for this Council be noted;**

(b) the Statement of Accounts 2016/17 be approved;

(c) the Letter of Representation 2016/17 be approved for signature on behalf of the Council by the Chairman of this Committee and the Chief Finance Officer.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.23 ANNUAL TREASURY MANAGEMENT REVIEW 2016/17 INCLUDING PERFORMANCE AGAINST PRUDENTIAL INDICATORS

The Committee was requested to consider a report detailing the Annual Treasury Management Review for 2016/17, together with performance against the Prudential Indicators.

Officers responded to various questions from a Member relating to the Council's investments, and the Chief Finance Officer undertook to forward copies of the Investment Advisors' reports to Members. It was suggested that the Council should reconsider the amounts currently invested with CCA Ltd.

RESOLVED that the Annual Treasury Management Review 2016/17, and the associated updated Prudential Indicators, be noted, and commended to the Council.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.24 INTERNAL AUDIT MONITORING REPORT

The Committee considered a report summarising the work undertaken by Internal Audit (South West Audit Partnership (SWAP)), and Officers amplified aspects thereon, including in relation to the control assurance definitions and categorisation of recommendations currently used by SWAP.

The Committee was also requested to consider and approve an updated Internal Audit Charter and Officers responded to a question from a Member thereon.

RESOLVED that:

(a) the Internal Audit monitoring report be noted;

(b) the Internal Audit Charter be approved.

Record of Voting - for 3, against 0, abstentions 0, did not vote 2.

AUD.25 COUNTER FRAUD UNIT - UPDATE

The Committee considered a report detailing activity undertaken by the Counter Fraud Unit.

Officers amplified aspects, and responded to various questions from Members, thereon.

RESOLVED that the report be noted.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.26 APPOINTMENT OF EXTERNAL AUDITOR

The Committee considered the recommendation from Public Sector Appointments relating to the proposed award of the contract for external audit provision from 2018/19.

RESOLVED that the report be noted.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.27 OTHER BUSINESS

There was no other business that was urgent.

The Meeting commenced at 10.00 a.m. and closed at 11.50 a.m.

Chairman

(END)