

COTSWOLD DISTRICT COUNCIL

AUDIT COMMITTEE

24<sup>TH</sup> JULY 2018

Present:

Councillor LR Wilkins	-	Chairman
AW Berry		A Doherty
T Cheung		R Theodoulou (from 10.05 a.m.)

Observers:

SI Andrews

AUD.4 SUBSTITUTION ARRANGEMENTS

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

AUD.5 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.6 MINUTES

**RESOLVED that:**

**(i) the Minutes of the Meeting of the Committee held on 30<sup>th</sup> April 2018 be approved as a correct record;**

**Record of Voting - for 3, against 0, abstentions 2, absent 0.**

**(ii) the Minutes of the Meeting of the Committee held on 15<sup>th</sup> May 2018 be approved as a correct record.**

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

AUD.7 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Councillor Doherty to the Committee and stated that he looked forward to working alongside him for the duration of his service on the Committee.

AUD.8 PUBLIC QUESTIONS

No public questions had been received.

AUD.9 MEMBER QUESTIONS

No questions had been submitted by Members.

AUD.10 RISK MANAGEMENT UPDATES

The Committee received an update in relation to the activities of the Corporate Risk Management Group. The Committee was informed that the Council's risk management arrangements provided the Committee with the opportunity to consider and comment on any updates to the Risk Management process, the Corporate Risk Register and the Risk Management Policy.

The Chief Finance Officer amplified various aspects of the circulated report and responded to various questions from Members.

A Member expressed concern at the IT risks highlighted within the report and questioned if there was sufficient insurance in place against potential cyber-attacks. In response, the Chief Finance Officer explained that some cover was in place, but felt that a more detailed assessment was warranted and agreed to take the issue to the next meeting of the Corporate Risk Management Group. The Chief Finance Officer added that the item, once taken to the Group, would be added to the Corporate Risk Register and then re-presented to the Committee at a future Meeting.

**RESOLVED that the report be noted.**

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

AUD.11 ANNUAL INTERNAL AUDIT OPINION

The Committee was requested to consider and comment on the Annual Internal Audit Opinion for the financial year 2017/18.

Officers reminded the Committee of the purpose of the Opinion, and amplified various aspects of the circulated report, including a Summary of the Annual Opinion, a Summary of the Audit Work and the Plan Performance. An update to SWAP's performance against the 2017/18 Operational Plan since the circulated report was offered. It was confirmed by Officers that, of the 40 pieces of work undertaken, 89% of internal audit reports were in final status, 6% in draft status and the remaining 5% were subject to further checks by Officers.

Based on the work undertaken by Internal Audit during 2017/18, consideration given by other assurance providers such as the Council's external auditor, and management's annual assurance certificates, Officers were pleased to offer a 'reasonable' Annual Internal Audit opinion.

In response to a question from a Member, Officers reminded the Committee that a separate report in relation to Publica was presented by SWAP Officers to the Publica Board and the Council's three statutory Officers - the Head of Paid Service, Monitoring Officer and Chief Finance Officer. It was also explained that, as Publica undertook work on behalf of the partner Councils, if there were issues that Officers considered required Member notification and awareness, these would be presented to SWAP's Client Officer at the Council and to the

most appropriate Member group/ meeting (Overview and Scrutiny Committee, Audit Committee, Cabinet or Council).

Another Member expressed concern that only three Officers were involved within Publica's Audit. In response, the Chief Finance Officer explained that a large number of Publica Officers were involved within the performance-related reports including the Executive Director - Commissioning, the Group Finance Director and Managing Director of Publica.

The Chairman highlighted current issues regarding private water supplies. The Chief Finance Officer confirmed that Cabinet had agreed at its Meeting in July 2018 to provide additional temporary resources to assist with improving service delivery.

**RESOLVED that the report be noted.**

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

AUD.12 ANNUAL TREASURY MANAGEMENT REVIEW 2017/18, INCLUDING PERFORMANCE POTENTIAL AGAINST PRUDENTIAL INDICATORS

The Committee was requested to consider a report detailing the Annual Treasury Management Review for 2017/18, together with performance against the Prudential Indicators.

The Chief Finance Officer highlighted that the recommendation of the report should have referred to the Annual Treasury Management Review for 2017/18, not 2016/17.

Officers responded to various questions from Members relating to the Council's investments and the Council's internal borrowing policy. A Member also requested that the Schedule of Investments be presented to the Committee at its next Meeting in October 2018.

**RESOLVED that the Annual Treasury Management Review 2017/18, 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.13 STATEMENT OF ACCOUNTS 2017/18

Ms. J Masci (Engagement Lead) and Ms. M Burge (Manager) of Grant Thornton, the Council's external auditor, were both present for this item.

The Chief Finance Officer apologised that the draft version of the Audit Findings report had been circulated to Members with the Meeting's papers and not the final version. The Chief Finance Officer informed the Committee of the differences between the papers, which were noted by the Committee.

Ms. Masci and Ms. Burge were invited to address the Committee, and amplified various aspects of the Audit Findings report for the financial year 2017/18. Ms. Masci and Ms. Burge, in conjunction with Officers, then responded to various questions from Members.

A Member enquired as to the authorisation arrangements to certain Officers in regards to changes to the payroll. The Chief Finance Officer confirmed that whilst H.R. Payroll Officers were authorised to make changes to the payroll, an independent check was carried out by H.R. Managers prior to the payroll being authorised. This was confirmed by SWAP representatives. The Member also commented that he considered reference to expenditure under the heading of 'Private Sector Housing' should be amended to refer to disabled facilities grants, as this was what the expenditure related to. The Chief Finance Officer confirmed that this would be amended for the 2018/19 accounts.

The Committee was then requested to consider and approve the Council's Letter of Representation 2017/18.

**RESOLVED that:**

- (a) the Accounting Policies applied in the Statement of Accounts be noted;**
- (b) the Grant Thornton Audit Findings report for the Council be noted;**
- (c) the Statement of Accounts 2017/18 be approved;**
- (d) the Chief Finance Officer and the Chairman of the Committee be authorised to write a letter of representation on behalf of the Committee and Council to Grant Thornton to enable the opinion to be issued;**
- (e) the key balances and messages from the Statement of Accounts 2017/18 be noted.**

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

AUD.14 DATE OF NEXT MEETING

It was noted that the next Meeting of the Committee would be held in the Council Chamber, Trinity Road, Cirencester on Tuesday 30<sup>th</sup> October 2018 at 10.00 a.m.

AUD.15 OTHER BUSINESS

There was no other business that was urgent.

The Meeting commenced at 10.00 a.m., adjourned between 10.55 a.m. and 11.02 a.m., and closed at 12.35 p.m.

Chairman

(END)