

COTSWOLD DISTRICT COUNCIL

AUDIT COMMITTEE

30TH OCTOBER 2018

Present:

Councillor LR Wilkins	-	Chairman
T Cheung		RW Dutton
A Doherty		R Theodoulou

Observers:

SI Andrews

AUD.16 SUBSTITUTION ARRANGEMENTS

No substitute arrangements had been put in place.

Note:

Following his appointment to the Cabinet, Councillor AW Berry had to relinquish his membership of this Committee. Pending a permanent replacement being appointed, Councillor Dutton had been appointed to serve at the 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 24th July 2018 be approved as a correct record.

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

AUD.19 CHAIRMAN'S ANNOUNCEMENTS

The Chairman explained that, following the September 2018 Council Meeting, a report regarding a Historic Fraud Issue was due to be presented at this Committee Meeting but, owing to Officer workloads, this would now be presented at the next Meeting of the Committee in January 2019. The Schedule of Investments, would also be presented at that Meeting.

A Member requested that the Committee receive a report regarding the Council's property holdings and associated management policy at the January 2019 Committee Meeting. Officers explained that work was currently being

undertaken by the Council's Estates Team in regards to all of the Council's properties and confirmed a report detailing this would be presented at a future Committee Meeting.

AUD.20 PUBLIC QUESTIONS

No public questions had been received.

AUD.21 MEMBER QUESTIONS

No questions had been submitted by Members.

AUD.22 GRANT THORNTON REPORTS

Ms. M Burge, Manager of Grant Thornton, was present for this item.

The Committee was requested to discuss and note the Annual Audit Letter and update provided. Ms. Burge amplified various aspects of the report and invited comments from Members. She explained that most of the Audit Findings contained within the report had been reported at the July 2018 Committee Meeting and confirmed that an attempt had been made to reduce unnecessary jargon in the reports as they were public documents published on the Council's website. Ms. Burge also drew Members' attention to the fact an Unqualified Opinion had been issued on the Council's financial statements for 2017/18, together with an Unqualified Opinion on the Value For Money conclusion, on 2nd August 2018.

With regards to the Progress Report, Ms. Burge explained that the Housing Certification was hoped to be completed by 30th November 2018 and that she had met with Council Officers to discuss the 2018/19 Audit. Ms. Burge highlighted to Members the ranking of the Council in the Grant Thornton Vibrant Economy Index, explaining that the Council had come 36th out of 324 councils and third highest in the South West region and, consequently, was being promoted as a case study, following the improvements made over the years.

In response to various questions from Members, it was reported that an error or omission became material in the audit of the financial statements when it was above £825,000; any error or omission above £45,000 identified during the audit of the financial statements would be reported in the Audit Findings report and that any amount below this would only be notified to the relevant parties if the financial statements were not adjusted appropriately; there were no consequences from the Unqualified Opinion being given two days late due to the Council awaiting assurances from valuers; risks associated with the Pension Fund deficit related to the Council's, Publica's and Gloucestershire County Council's Pension Fund and there was a requirement to make sure legal agreements correctly reflected the accounting basis used in the Council's financial statements; all journals from the Business Partner Manager East were required to be presented to the Chief Finance Officer, as recommended by Grant Thornton; a One Year Review of Publica governance arrangements was currently being planned by Directors and Board Members and was defined in Publica's Work Programme; there was a shared responsibility for the collection of the Business Rates, of which 50% was passed into the Council's Collection Fund and the other 50% passed to the Government.

A Member expressed the view that he considered it inappropriate for the journals to be passed onto the Chief Finance Officer, despite it being a 'best practice' recommendation from Grant Thornton.

RESOLVED that the report be noted.

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

AUD.23 TREASURY MANAGEMENT REVIEW - MID-YEAR 2018/19

The Committee was requested to consider and discuss the mid-year report and subject to any comments, to commend the document to the Council for approval.

The Chief Finance Officer introduced the item and welcomed Mr. Andrew Sherbourne, Accounting Technician, to the Meeting.

In response to a question from a Member, Officers reported that short-term cash flow borrowing had been undertaken in March 2018 and confirmed that, as of 30th September 2018, the Council had no external borrowing.

A Member commented that he considered that the report needed to include capital valuations before it was presented to the Council. He explained his view that the Council should be made aware of the level of exposure to equity funds.

Another Member expressed the view that Arlingclose should be contacted regarding giving a professional view on the treasury investment portfolios, given general comments by the Committee.

RESOLVED that, subject to the inclusion of details of capital valuations, the Treasury Management Review Mid-Year 2018/19 be noted, and commended to the Council.

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

AUD.24 INTERNAL AUDIT MONITORING REPORT

The Committee received a summary of activities undertaken by Internal Audit since the last Committee Meeting.

The Chief Finance Officer introduced the item and explained that the report had been amended, following the Committee's comments at the last Meeting, to include details of all follow-up audits undertaken and progress made on recommendations.

The Assistant Director of SWAP Internal Audit Services amplified various aspects of the circulated report and responded to questions from Members.

RESOLVED that the report be noted.

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

AUD.25 COUNTER FRAUD UNIT REPORT

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

Officers amplified various aspects of the report, and responded to various questions from Members.

A Member commented that he considered that a historic 'criminal cashback' fraud in the sum of £1,731 detailed in the report should be highlighted to the Council. Officers and the Chairman jointly responded that the information contained within the circulated report was public information and was deemed to be in the public domain and, therefore was not required to be reported to Council.

In response to a request from a Member, the Counter Fraud Manager agreed to circulate high-level information regarding areas of fraud and loss affecting Local Government generally to all Members of the Committee.

RESOLVED that the report be noted.

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

AUD.26 NEW RISK MANAGEMENT POLICY

The Committee was invited to consider and comment on an updated Shared Risk Management Policy.

In the absence of the Head of Paid Service, the Chief Finance Officer introduced the item and explained that the Policy had been updated following the establishment of Publica and the involvement of the three partner councils. She added that the report would be presented to all Councils and the Publica Board for consideration.

The Chief Finance Officer then responded to various questions from Members and confirmed that the Policy had been developed using existing strategies, with Appendix 'C' of the circulated report relating only to the Council.

RESOLVED that the report be noted, and the updated Policy be supported.

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

AUD.27 CORPORATE RISK REGISTER UPDATES

The Committee received an update in regards to changes to the Council's Corporate Risk Register at the end of Quarter 2.

In the absence of the Head of Paid Service, the Chief Finance Officer introduced the item and responded to various questions from Members.

A Member expressed his concern regarding business continuity given that a large volume of work was apparently being passed through a single point of failure. He added that he wished to see this listed as an explicit risk within the Register in the future, recognising this concern. This issue would be reported to the Risk Management Group.

RESOLVED that the report be noted.

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

AUD.28 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 29th January 2019 at 10.00 a.m.

AUD.29 OTHER BUSINESS

There was no other business that was urgent.

The Meeting commenced at 10.00 a.m. and closed at 11.53 a.m.

Chairman

(END)