

Minutes of a meeting of the Audit Committee held on 24th June 2014 from 7.00 p.m. to 8.10 p.m.

Present: Bruce Forbes (Chairman)
Simon Banham (Vice-Chairman)

Stephen Barnett
Jack Callaghan

Andrew Lea
Neville Walker*

* Absent.

Also Present: Councillor Jonathan Ash-Edwards.

Also in Attendance: Paul King from Ernst and

Young.

Steve Connors and Ben Durrant from Haines Watts, Internal Auditors.
Peter Stuart, Head of Finance and ICT and Section 151 Officer.
Tom Clark, Solicitor to the Council.

4. SUBSTITUTES AT MEETINGS OF COMMITTEE – COUNCIL PROCEDURE RULE 4

None.

5. APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Walker.

6. DECLARATIONS OF INTEREST

None.

7. MINUTES

The Minutes of the meetings of the Committee held on 18th March and 7th May 2014 were agreed as a correct record and signed by the Chairman.

8. REVIEW OF TREASURY MANAGEMENT ACTIVITY 2013/14

The Committee received a report on the Council's treasury management activity for the year end 31st March 2014.

Peter Stuart, the Head of Finance, introduced the report which had been prepared by Tony Jackson at Adur-Worthing who heads up the shared service. He drew Members' attention to paragraph 6 of the report which summarises the Treasury Management Annual Report for 2013/14.

One Member referred to the outstanding loan from the Public Works Loans Board (PWLB) and asked if consideration had been given to paying it off. The Head of Finance said that it had and explained how the rates had compared and why the loan had not been paid off.

Another Member asked what control mechanisms are in place when the profile of the loan portfolio exceeds the 50% Long Term threshold. The Head of Finance said that he would need to contact Tony Jackson, who heads up the service and would report back to the next meeting of the Committee explaining what procedures are in place.

RESOLVED

- (1) that the report be received and noted; and
- (2) a report on an exception reporting control mechanism be brought to the next meeting of this Committee.

9. EXTERNAL AUDIT BUSINESS

The Committee received an update report on the audit of the Council's financial year 2013/14.

The Head of Finance informed the Committee that the Management Letter will be completed over the summer and form part of the Financial Statements in September.

He introduced Paul King from Ernst and Young who took Members through the Audit Plan and drew Members' attention to the financial statement risks which had been identified. He explained that both of these are generic and not specific to Mid Sussex.

With regard to Section 3, no significant risks have been identified although the Plan includes two other risks which all local authorities face.

He referred to Section 5, Appendix A and highlighted that the Audit fee remains the same.

One Member referred to the Housing Benefit subsidy claim and asked whether it would be possible to bring this forward to August.

The auditor explained that it would depend on the results of the work undertaken and the accuracy of the way benefit administration is carried out. The test will be when case reviews are carried out. The auditor confirmed that he is in discussion with officers to see whether they will be a position to do something in the next few months.

Another Member said that he struggles with materiality being as high as 2%. The auditor confirmed that 2% is a gauge which is generally applied and it can also depend on the associated risk.

The Member asked what procedures are in place to see if there are any errors being made. The auditor replied that the quality of information across all Councils is looked at and approaches compared.

In response to a question from a Member as to why there is no fee for undertaking the Council Tax review, the auditor explained that the Council has set a local Council Tax support scheme. That element is no longer there as it is determined locally. Audits still have to be carried out in relation to Housing Benefit.

As there were no further questions, the Chairman took the Committee to the recommendation.

RESOLVED

That the Audit Plan for the Year ended 31st March 2014 be received and noted.

10. INTERNAL AUDIT ANNUAL REPORT 2013/14

The Committee received the Internal Audit Annual Report for 2013/14.

Steve Connors from Haines Watts introduced the report and explained that all of the audits within the plan have been completed in accordance with the UK Public Sector Internal Audit Standards.

He explained that, out of the 36 recommendations, three high priority recommendations had been raised as part of the Landscapes audit, with another two high priority recommendations being raised as part of the Benefits audit conducted on behalf of the CenSus Partners by Horsham District Council Internal Audit. Two high priority recommendations were also raised as part of the NNDR audit conducted by Adur District Council's Internal Audit.

In response to a question from a Member the Audit Manager explained that the CenSus audits are carried out on a rotational basis across the three authorities.

As there were no further questions the Chairman took the Committee to the recommendation.

RESOLVED

That the report be received and noted.

11. INTERNAL AUDIT – 2013/14 RECOMMENDATIONS

The Committee received a report on Internal Audit recommendations which updated Members on the types of recommendations raised throughout the year.

Ben Durrant from Haines Watts introduced the report and referred Members to Appendix A which summarised the recommendations across all of the audits for 2013/14.

In response to a question from a Member as to whether this exercise had been useful, the Head of Finance agreed that it had. He suggested that a report of this type could be presented to each meeting of this Committee. This suggestion was agreed by the Committee.

RESOLVED

- (1) the report be received and noted; and
- (2) a report on recommendations raised be brought before each meeting of the Audit Committee with immediate effect.

12. INTERNAL AUDIT - MONITORING REPORT 24TH JUNE 2014

The Committee received a report which updated them on the progress of the 2013-2014 Internal Audit Plan and the progress made with implementing previously agreed recommendations.

Ben Durrant from Haines Watts introduced the report and informed Members that, out of the three Landscape audits, two remained outstanding. The two high priority recommendations arising from the CenSus Benefits audit would be followed up as part of the 2014/15 audit.

One Member referred to Appendix B, analysis of non-contracted expenditure relating to the Landscapes Contract, and asked the auditor if he considered the figure of £20,000 to be acceptable. The Audit Manager replied that any more than expenditure of £20,000 would be reported back. He added that the situation has improved and that the implementation date was now November 2014, it had been December 2014 initially.

The Solicitor to the Council confirmed that there is better procurement now than before. He added that the situation is monitored and notification would take place if there is a build-up going to a specific contractor. A control mechanism has been put into place.

A Member referred to the audits on Back-up and Disaster Recovery and Change and Configuration which is still awaiting responses from management. The Head of Finance acknowledged that there had been a hold-up but there is now a new Head of Census ICT and he outlined his brief.

In response to a further question from a Member, the Head of Finance confirmed that all Council's have deficiencies in back-up procedures.

As there were no further questions the Chairman took Members to the recommendation which was agreed.

RESOLVED

That the report be received and noted.

13. COMMITTEE WORK PROGRAMME 2014/15

The Committee received the Work Programme for 2014/15.

The Head of Finance confirmed that an item relating to an exception reporting control mechanism would be added to the next meeting's items. The breakdown of audits would also be added to each meeting of the Committee for the remainder of 2014/15.

RESOLVED

That the Work Programme be noted and the two items mentioned above be added to the Work Programme.

14. THANKS

Steve Connors from Haines Watts, the Council's Internal Audit partners, explained that this would be the last meeting he would be attending. He thanked the Committee for the work they had undertaken and wished them well.

The Chairman, on behalf of the Committee, thanked the Internal Auditors for all the work they had carried out over the last few years.

Chairman.