Minutes of a meeting of Audit Committee held on Monday, 22nd July, 2019 from 7.00 pm - 7.47 pm

Present: M Pulfer (Chair)
R Cromie (Vice-Chair)

P Budgen M Cornish S Hicks

Absent: Councillors A Boutrup and L Stockwell

Also Present:

1. TO RECEIVE APOLOGIES FOR ABSENCE.

Apologies were received from Councillors Boutrup and Stockwell.

2. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS IN RESPECT OF ANY MATTER ON THE AGENDA.

None.

3. TO CONFIRM THE MINUTES OF THE MEETING HELD ON 25 FEBRUARY AND THE ANNUAL MEETING HELD ON 22 MAY 2019.

The Minutes of the meeting of the Committee held on 25 February and the Annual meeting held on 22 May 2019 were agreed as correct records and signed by the Chairman after Gillian Edwards, Internal Auditor and Risk Manager agreed to provide a verbal update on the backdating of Council Tax benefits.

4. TO CONSIDER ANY ITEMS THAT THE CHAIRMAN AGREES TO TAKE AS URGENT BUSINESS.

None.

5. INTERNAL AUDIT ANNUAL REPORT 2018/2019.

Gillian Edwards, Audit and Risk Manager, introduced herself and her role as internal auditor for MSDC. The four levels of assurance range from the best level of 'substantial' to 'limited'. The officer highlighted three high priority findings and that actions to address these weaknesses were agreed and have been implemented by Management. She noted that the audit results provided a reasonable assurance. She stated that she has been involved in an investigation for an incident of fraud, but could not comment as it was subject to a police investigation.

In response to a member's question Peter Stuart, Head of Corporate Resources informed the Committee that the Council now has one bank account. The Chairman confirmed that due to an ongoing investigation no further comments could be made

and a report would be presented to the Committee at a later date.

As there were no further questions the Chairman took Members to the recommendation in the report which was unanimously approved.

RESOLVED

The Committee received and noted the report.

6. INTERNAL AUDIT - MONITORING REPORT 30 JUNE 2019.

Gillian Edwards, Audit and Risk Manager, introduced the report. The officer confirmed the work completed since the previous report and stated there were no new high priority findings.

For the follow up audits previous recommendations had been implemented and two were outstanding for Payroll. She confirmed that the Business Unit Leader is in discussion with XCD (the payroll software provider) to develop a report and audit trail for any changes made to the salaries or benefits of the Payroll Officer or Manager. Peter Stuart, Head of Corporate Resources advised that while not many local authorities use XCD, a cloud based payroll and HR system, that the underlying database was Salesforce which was a standard product. He noted that it should be easy to configure to the Council's needs. The outstanding issues had low risks and should be resolved very quickly. The Audit and Risk Manager stated that the implementations of the outstanding findings for Housing Benefits were still in progress due to the recent reorganisation of the department and she will report back on these at the next meeting.

In response to a Member's questions the officer updated the Committee on backdating of Council Tax benefits. She confirmed that procedures have been properly followed to get the correct outcome and this audit provided a positive assurance level.

As there were no further questions the Chairman took Members to the recommendation in the report which was unanimously approved.

RESOLVED

The Committee received and noted the report.

7. AUDIT RESULTS REPORT 2018/19.

Tom Wilkins, Manager for Ernst and Young, presented the report. He outlined the role of the auditors and noted the statutory deadline of 31 July 2019 for the report. They did not expect any issues and had no significant unusual activities to report.

He highlighted some adjustments to the financial statements as Hurst Farm had not yet been sold and confirmed that the valuation was within the range of bids received. The Council has updated their figures to account for the impact of a recent ruling on the public pension scheme. He confirmed that they had checked that prior to making investments the Council had received proper due diligence and advice, and the Council had followed that advice.

Peter Stuart, Head of Corporate Resources noted that increased severance costs had been incurred due to the cessation of the Revenues and Benefits Partnership,

CenSus, with Adur and Horsham Councils as some staff had exercised their right to take voluntary redundancy. He confirmed the report stated figures equating to the equivalent number of full time staff.

The Chairman thanked Ernst and Young for providing the detailed report and greatly hoped that the final report would be produced by 31 July 2019.

As there were no further questions the Chairman took Members to the recommendations in the report which was unanimously approved.

RESOLVED

The Committee received and noted the report.

8. FINANCIAL STATEMENTS 2018/19.

Peter Stuart, Head of Corporate Resources introduced the report and noted that the financial statements were subject to the receipt of the annual audit report. He asked the Committee to approve delegated authority for the Chairman and the Head of Corporate Resources to sign them off if there were no significant changes in the completed report.

He asked the Committee to confirm that they had read and understood the letter of representation signed by the previous chairman, Councillor Belsey. A Member asked for clarification on the points listed in the letter of representation and the officer advised he would circulate the questions that relate to the answers in the letter to assist the Committee,

As there were no further questions the Chairman asked the Committee to receive the report subject to minor amendments and this was unanimously received.

RESOLVED

i) That the Chairman be delegated to sign the Financial Statements subject only to minor amendments.

9. REVIEW OF TREASURY MANAGEMENT ACTIVITY 2018/19.

Peter Stuart, Head of Corporate Resources advised that this is end of year report and all transactions were in order with no transactions outside the current policy. He noted that the new Committee may have different investment principles and suggested bringing forward a review of the current principles at the next meeting to see if any changes were required.

Members discussed the issue of over borrowing and the sale of the investment property of Hurst Farm. The Head of Corporate Resources confirmed that the loan was still outstanding against the purchase of The Orchards and that the sale of Hurst Farm is expected to provide receipts of approximately £27 million.

As there were no further questions the Chairman took Members to the recommendation in the report which were agreed unanimously.

RESOLVED

The Committee noted the contents of the report.

10. COMMITTEE WORK PROGRAMME.

Peter Stuart, Head of Corporate Resources introduced the Work Programme. Members were asked to note the report and a Review of the Statement on Investment Principles was added to the agenda for 10 September 2019. This was unanimously agreed by the Committee.

RESOLVED

That the Committee Work Programme for 2019/20 be noted accordingly.

11. QUESTIONS PURSUANT TO COUNCIL PROCEDURE RULE 10.2 DUE NOTICE OF WHICH HAS BEEN GIVEN.

None.

The meeting finished at 7.47 pm

Chairman