

**AUDIT COMMITTEE
30th July, 2018**

Present:- Councillor Wyatt (in the Chair); Councillors Cowles, Vjestica, Walsh and Bernard Coleman (Independent Person).

Amy Warner (KPMG).

17. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

18. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the public or press present at the meeting.

19. MINUTES OF THE PREVIOUS MEETING HELD ON 19TH JUNE, 2018

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 19th June, 2018.

Resolved:- That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

20. AUDIT COMMITTEE ANNUAL REPORT 2017/18

David Webster, Head of Internal Audit, submitted the Audit Committee 2017/18 Annual Report in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance which recommended that audit committees report annually on how they had discharged their responsibilities during the previous municipal year.

The draft annual report was attached at Appendix 1 together with the Committee's Terms of Reference. The report set out:-

- A summary of the work undertaken
- External Audit
- Internal Audit
- Anti-Fraud and Corruption
- Risk Management
- Corporate Governance
- Finance
- Other
- Training
- Terms of Reference

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The Committee's Terms of Reference had not been changed in the recent review of the constitution. However, in May CIPFA had produced further guidance for audit committees including model terms of reference which were far more detailed than those the Committee currently operated within and included Risk Management, Treasury Management and Fraud. Revised Terms of Reference would be submitted for consideration.

Resolved:- (1) That the Audit Committee Annual Report 2017/18 be noted and submitted to Council for approval.

(2) That the Audit Committee's Terms of Reference be revised in accordance with the Chartered Institute of Public Finance and Accountancy guidance and submitted for approval.

21. AUDIT COMMITTEE FORWARD PLAN

Consideration was given to proposed forward work plan for the Audit Committee covering the period October, 2018-June, 2019.

Resolved:- That the forward work plan be supported and any amendments arising actioned in due course.

22. FINAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT ISA 260 REPORT

Consideration was given to a report presented by Graham Saxton, Assistant Director of Finance and Customer Services, which advised on matters arising from the external audit of the Council's 2017/18 Statement of Accounts as presented in the External Auditor's ISA260 report and, in acknowledging these findings, requested that the Audit Committee approve both the Letter of Management Representation and the audited Statement of Accounts 2016/17.

KPMG intended to issue an unqualified audit opinion on the Statement of Accounts and their representative at the meeting confirmed the unaudited Statement of Accounts and draft Narrative Report had 4 audit adjustments, none of which affected the prime financial statements, and 8 unadjusted audit differences (Appendix 3). None of the changes affected the financial performance or financial position of the Council previously reported in the unaudited Statement of Accounts.

The ISA 260 also confirmed that working papers were of a high standard and the audit queries were dealt with in a timely and efficient manner.

A number of recommendations had been made, set out in Appendix 1, namely:-

- High level review of valuation of land and buildings
- Impact of valuations on whole asset classes
- Valuation of fixed assets to 31st March

- Northgate user review frequency
- Northgate generic administrator access
- Northgate privileged access authorisation
- Improvements to closedown process
- Review of fixed asset register for existence of assets

Section 2 of the ISA 260 set out the approach, risks, work and conclusion reached by KPMG on whether the Council had satisfactory arrangements in place to secure the economy, efficiency and effectiveness in the use of its resources. The conclusion reached was that the Council had made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. All the recommendation set out in the ISA 260 2016/17 report had been implemented.

It was noted that the recommendations contained within the ISA 260 with regard to property, plant and equipment were very similar to those of other councils within Yorkshire and the Humber.

The Chair wished to convey his thanks to all the staff involved within the Authority and KPMG for their hard work in meeting the very challenging timescales for the closure of the accounts.

Resolved:- (1) That the Auditor's ISA 260 2017/18, as submitted at Appendix 1, be approved.

(2) That the Statement of Accounts 2017/18 (Appendix 2 of the report submitted) and the 2017/18 Narrative Report (Appendix 3 of the report submitted) be signed and approved for publication.

(3) That KPMG be issued with the Letter of Management Representation.

23. ANNUAL TREASURY MANAGEMENT REPORT AND ACTUAL PRUDENTIAL INDICATORS 2017/18

In accordance with Minute No. 7 of the Cabinet and Commissioners' Decision Making Meeting on 9th July, 2018, consideration was given to a report presented by Graham Saxton, Assistant Director of Finance and Customer Services, which detailed how the Council approved the Treasury Management Strategy in March, 2017, and received a mid-year report on 21st November, 2017, representing a mid-year review of treasury activity during 2017/18.

The Annual Treasury Management report was the final treasury report for 2017/18. Its purpose was to review the treasury activity for 2017/18 against the Strategy agreed at the start of the year.

The report also covered the actual Prudential Indicators for 2017/18 in accordance with the requirements of the Prudential Code.

Presentation of the report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Council was required to comply with both Codes through Regulations issued under the Local Government Act 2003.

Appendix A of the report submitted gave a summary of the Prudential Indicators.

Discussion ensued on the report with the following issues raised/highlighted;-

- The majority of local authorities followed the same strategy as the Authority with regard to the level of under-borrowing
- A training session was to be held on Treasury Management
- The position was kept under constant review

Resolved:- That the Annual Treasury Management Report be noted.

24. ANNUAL GOVERNANCE STATEMENT

Further to Minute No. 8 of 19th June, 2018, consideration was given to the updated 2017-18 draft Annual Governance Statement (AGS) presented by Simon Dennis, Corporate Risk Manager.

The AGS had been updated as a result of developments since the last meeting the main changes being:-

- Paragraphs 3.10-3.13 had been added to reflect the publication of the Commissioners' 36 and 39 month progress reviews and the outcomes of the independent Health Check
- Section 7 had been updated to include publication of the reviews mentioned in paragraphs 3.10-3.13
- Paragraphs 4.15 and 4.17 had been updated to reflect the latest position with the external audit at the time of production of the report

Recommended practice required the Leader of the Council and the Chief Executive to sign the Annual Governance Statement prior to its publication.

Resolved:- (1) That the 2017-18 draft Annual Governance Statement be noted.

(2) That the requirement for the Leader and Chief Executive to sign the Statement prior to the publication of the Annual Governance Statement be noted.

25. ITEMS FOR REFERRAL FOR SCRUTINY

Resolved:- That Simon Dennis, Corporate Risk Manager, circulate the briefing presentation to the 3 Select Commission Chairs for consideration and discussion.

26. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

27. STRATEGIC RISK REGISTER

Simon Dennis, Corporate Risk Manager, presented the current Strategic Risk Register which took account of updates from Directorates, the Strategic Leadership Team and the Audit Committee.

The Register was currently reviewed six weekly by the Strategic Leadership Team (SLT) and reported quarterly to the Committee.

The current Register had been constructed from updates provided by risk owners. There were currently 16 risks included on the Strategic Risk Register, 2 less than when the Register was previously considered and no new risks added.

It was noted that the format of the Register had been amended to improve the focus and actions that needed to be carried out in order to reduce the level of risk and clarity of the risk scoring. Each individual risk score was reviewed by Directorate Leadership Teams and Strategic Directors. In the future there would be a specific focus on risk scores that had not moved over the past 12 months.

Discussion ensued with the following issues raised/highlighted:-

- Demand on Children's Services
- Budget
- Learning Disability Service
- New Waste Collection Service arrangements
- Medium Term Finance Strategy
- Emergency Planning
- Future reporting to include those risks that had been removed from the Register

Resolved:- That the updated Strategic Risk Register be noted.

28. DATE AND TIME OF NEXT MEETING

Resolved:- That a further meeting be held on Tuesday, 2nd October, 2018, commencing at 2.00 p.m.