

AUDIT SUB-COMMITTEE: SPECIAL

25<sup>th</sup> July 2018

**PRESENT:-**

**Conservative Group**

Councillor Grant (Chairman) and Councillor Atkin (Vice-Chairman)

**Labour Group**

Councillor Dunn

AS/15 **APOLOGIES**

Apologies were received from Councillor MacPherson (Conservative Group) and Councillor Shepherd (Labour Group)

AS/16 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/17 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/18 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

**MATTERS DELEGATED TO SUB-COMMITTEE**

AS/19 **AUDIT RESULTS REPORT FOR THE YEAR ENDING 31<sup>st</sup> MARCH 2018**

The External Auditor presented the report to the Sub-Committee. With regard to the Value for Money element, two areas of risk were identified, namely regarding future financial resilience, based around the uncertainties of Business Rates Retention, as well as the whistleblowing incidents that had highlighted control weaknesses in the procurement of services. As a result of the whistleblowing and the outcome of the subsequent internal audit findings

detailed in the report to the Committee in May 2018, the External Auditor intended to issue a qualified 'except for' Value for Money conclusion.

Some minor matters relating to account adjustments and the national issue regarding the understatement of local government pensions were highlighted, and the External Auditor advised that these had been addressed satisfactorily during the Audit. The Auditor confirmed that he would be issuing an unqualified opinion on the Accounts and Financial Statements for 2017/18 subject to some final checking.

Councillor Atkin, whilst referring to the report, queried whether further training for Members of the Overview and Scrutiny Committee could be made available to support them when scrutinising the annual budget proposals. The External Auditor responded that this could be provided. Councillor Atkin sought clarification on the management representation letter; the External Auditor explained that the increased use of judgement and estimation due to the accelerated audit timetable required the provision of this management representation letter to satisfactorily address situations where direct evidence was not available.

The Chairman thanked the External Auditor for his report and further explanation that was provided.

**RESOLVED:-**

***The Sub-Committee considered and noted the report of the External Auditor.***

The External Auditor left the Meeting at 4.30pm.

AS/20 **INTERNAL AUDIT PROGRESS REPORT**

The internal auditors presented the report to the Sub-Committee, updating that as outlined in the report, audits were progressing as planned by the end of the first quarter where five had been completed since the last Meeting. Members were informed that the new format of the report had been accepted and subsequently adopted for future reporting. The Committee were also updated on the restructure of the Central Midland Audit Partnership to aid with the progression of audit plans.

Councillor Atkin sought clarification on the audit of waste management. The internal auditor explained that the audit had commenced in relation to contract management and further information would be provided at a future meeting as the audit progresses.

Councillor Atkin queried the reason for delaying action with the housing benefits audit. The internal auditor responded that due to a planned restructure, it was advisable to wait until implementation.

Councillor Dunn sought clarification on the dry waste recycling contract and associated risks. The Strategic Director (Corporate Resources) responded that the contract is due to expire in 2021 and that issues raised once the contract went live meant it had not been signed. The internal auditor advised that due to the length of time the contract had been operating, all parts of the contract were in force where the service was being provided to a good level. It was agreed that there were lessons to be learned.

Councillor Dunn raised concern in relation to affordable housing querying how in a recent planning case, developers were granted an application where the affordable housing allocation was below 30% as stipulated in the policy. The Chairman responded that this was due to mitigating circumstances and that the matter had been put to a vote at Planning Committee.

**RESOLVED:-**

***That the report of the Audit Manager is considered and any issues identified are referred to the Finance and Management Committee or subject to a follow-up report as appropriate.***

AS/21 **COMMITTEE WORK PROGRAMME**

**RESOLVED:-**

***Members considered and approved the updated work programme.***

AS/22 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

**RESOLVED:-**

***That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.***

**EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

***The Sub-Committee was informed that no questions from Members of the Council had been received.***

The Meeting terminated at 5:00pm.

COUNCILLOR J GRANT

CHAIRMAN