

AUDIT SUB-COMMITTEE

17<sup>th</sup> February 2016

**PRESENT:-**

**Conservative Group**

Councillor Grant (Chairman) and Councillor Ford (Vice Chairman)

**Labour Group**

Councillors Dunn and Shepherd.

AS/29 **APOLOGIES**

Apologies for absence from the Meeting were received on behalf of Councillor Mrs Wyatt (Conservative Group)

AS/30 **MINUTES**

The Open Minutes of the Meeting held on 16<sup>th</sup> December 2015 were taken as read, approved as a true record and signed by the Chairman.

AS/31 **DECLARATIONS OF INTEREST**

Councillor Ford declared a personal interest in Item 7 on the Agenda by reason of being an acquaintance of Mr Steve Clark from the Council's auditors, Ernst and Young.

AS/32 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

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

AS/33 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

**MATTERS DELEGATED TO SUB-COMMITTEE**

AS/34 **LOCAL GOVERNMENT SECTOR UPDATE QUARTER 1 2016**

The representative from the Council's external auditors, Ernst & Young, highlighted elements of his report to the Sub-Committee.

Councillor Ford commented on the additional background information that had not previously been provided to Members. Councillor Shepherd sought clarification on the Sub-Committee's role and expectations in light of this additional information and queried whether updates should be made to both the Audit Sub-Committee and the Finance and Management Committee, rather than just the latter. The auditor confirmed that he could only advise, it is for the Council to ensure that it has proper and appropriate processes in place.

The Director of Finance and Corporate Services advised that the Committee should only satisfy itself that any matters raised by the Auditor were being addressed through the appropriate Policy Committee or corporate framework. He confirmed that this Committee did not need to consider the detail of consultation responses or monitoring of policy, for example, unless there was any particular governance or control issues to address.

The Director also gave an overview regarding the key questions raised by the Auditor to demonstrate that matters were being addressed appropriately by the Council.

Councillor Dunn raised a concern over future funding and in particular charges now being made against the HRA that did not feature in the past. The Director of Finance and Corporate Services confirmed that due to technical accounting proposals, some additional charges could fall on the HRA which could potentially reduce its spending power. This risk had been highlighted to Members as part of the current Budget Round.

The Director also explained that following a review of central charges by the previous auditors, revisions had been made to the charging structure to reflect a fair proportion of central costs being charged to the HRA..

The Chairman concluded that whilst the Sub-Committee had not fully addressed the key questions outlined in the report to date, it would do so in due course.

**RESOLVED:-**

***That the Committee considered the key questions raised by the Council's External Auditors contained in their Quarterly Sector Update.***

AS/35 **EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 31ST MARCH 2016**

Councillor Shepherd, in relation to Item 4.5 of the report, queried the reference to Erewash Borough Council. Whilst this was an error in council title, all other facts and figures were confirmed as correct by the Ernst and Young representative.

Councillor Dunn commended the reduced external audit fees, but queried the changeover process and periods, information he was duly furnished with.

**RESOLVED:-**

***That the proposed Audit Plan for the year ending 31st March 2016 was considered and the proposed approach to undertaking audit work for the year approved.***

AS/36 **INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager delivered the report, expressing that there was still some concern regarding progress against outstanding recommendations. It was noted that this matter is now reported at the Corporate Management Team Meetings, as requested at the last Audit Sub-Committee meeting in December, but that it is therefore still a little early to assess what impact this will have.

The Chairman queried the references to 'n/a' against various action dates, receiving an explanation that the auditors had either not been able to attain an update from the department in question or had not been furnished with an appropriate implementation date. Councillor Dunn drew attention, with some concern, to a particular item where a period in excess of 12 months had elapsed since its original implementation date. The Audit Manager clarified his role in identifying and reporting these matters, but reminded Members that they had the right to request that Officers attend the Sub-Committee to explain the reasons for delay. The Chairman confirmed that having escalated the outstanding recommendations issue to the Corporate Management Team at the last meeting, there might now be a need to escalate matters further to ensure tasks are completed in a timely manner. Councillor Shepherd suggested that if these outstanding matters were not reported as completed at the next meeting, then Officers should then be called to the subsequent Audit Sub-Committee meeting to account for any tasks then outstanding.

The Audit Manager stated that whilst all agreed audits were underway, any not completed by the 31<sup>st</sup> March 2016 would be finalised early in the next financial year.

**RESOLVED:-**

***That the report of the Audit Manager was considered and noted.***

AS/37 **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 Committee was informed that no questions from Members of the Council had been received.***

The Meeting terminated at 4.45pm.

COUNCILLOR J GRANT

CHAIRMAN