

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE - 17 SEPTEMBER 2014

SUBMITTED TO THE COUNCIL MEETING - <DATE>

(To be read in conjunction with the Agenda for the Meeting)

Present

Cllr Richard Gates (Chairman)
Cllr Wyatt Ramsdale (Vice Chairman)

Cllr Stephen Hill
Cllr Peter Isherwood

Apologies

Cllr Tony Gordon-Smith and Cllr Stewart Stennett

17 MINUTES (Agenda item 1.)

RESOLVED that the minutes of the meeting held on 25 June 2014 be confirmed and signed.

18 APOLOGIES FOR ABSENCE (Agenda item 2.)

Apologies for absence were received from Councillors Peter Isherwood and Tony Gordon-Smith.

19 DISCLOSURE OF INTERESTS (Agenda item 3.)

There were no interests declared under this heading.

20 QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda item 4.)

There were none.

PART I - RECOMMENDATIONS TO THE COUNCIL

There were no matters falling within this category.

PART II - MATTERS OF REPORT

Background Papers

The background papers relating to the following report items in Part II are as specified in the agenda for the Audit Committee.

21 PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Agenda item 5.)

The Committee received the report outlining internal audit recommendations overdue or due within the next month along with a request to extend the due date for one recommendation.

The Committee was pleased to note that two overdue recommendations relating to housing responsive repairs (IA14/14.010 and IA14/14.012), which had been considered at the last meeting, had now been implemented as a result of the completion of 'Project Purple' which went live on 21 July 2014 and included the areas raised in these recommendations. Further monitoring of this area would be through the regular performance reports received by the Corporate Overview and Scrutiny Committee.

It was explained that the recommendation relating to Sundry Debtors required an Agresso consultant to be present, and due to a change in the System Software consultants it was requested that the implementation date be extended. The committee therefore agreed the following action:-

IA14/18.004	Attachments applied to Debtors Account [Sundry Debtors]	Agreed to extend due date to 31.12.14
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RESOLVED that:

1. the progress on the implementation of internal audit recommendations be noted; and
2. the action to the outstanding recommendation be approved as set out above.

22 PROGRESS ON THE INTERNAL AUDIT PLAN FOR 2014/15 (Agenda item 6.)

The Internal Audit Client Manager circulated an updated version of Annexe 1 to the report, which showed that several reviews from the 2014/15 Audit Plan had now been completed or were in progress.

Members expressed concern that it was almost half-way through the year, but that less than half of the reviews had been completed and a number of reviews marked as Quarter 2 had not yet been started. The Internal Audit Client Manager explained that it had been necessary to defer some reviews designated at Quarter 2 to Quarter 3 due to staff leave, however she emphasised that Members need not be concerned that the reviews were falling behind schedule as a number of reviews had been through the planning stages but were not marked as 'in progress' as the auditor was not on site yet. The Committee felt that it would be helpful to know when reviews were in the planning stage, even if the auditor was not yet on site and asked that this be included in further reports.

RESOLVED that the progress for the Internal Audit Plan 2014/15 be noted.

23 ANNUAL GOVERNANCE STATEMENT (Agenda item 7.)

The Committee received the Annual Governance Statement, attached at Annexe 1 for information. The Annual Governance Statement for 2013/14 set out the key elements of the Council's internal control framework and identified issues to be addressed in the coming year. It would ensure that managers were aware of the importance of corporate governance and ensure that Waverley maintained high standards of governance.

The Committee felt that it would be useful if a draft version of the Annual Governance Statement could be submitted to the June meeting of the Audit Committee to enable Members to comment on it in advance. Officers agreed that this would be a good approach, and it would enable the Leader and Executive Director to sign the document before the Committee approved it.

Members felt that some amendments were required, particularly with regard to sections 6 and 7 of the report, relating to the review of significant issues identified in the previous year as well as those to be addressed in the forthcoming year. Officers agreed to make these changes after the meeting.

RESOLVED that the Annual Governance Statement be approved, subject to amendments to be made by officers following the meeting.

24 AUDIT FINDINGS REPORT (Agenda item 9.)

Emily Hill, Grant Thornton's External Audit Engagement Lead was present at the meeting and introduced the Audit Findings Report. She explained that the majority of testing had now been completed, and that the draft financial statements had been prepared to a very high standard.

The audit findings report set out an analysis of two significant risks; it was explained that auditing standards presumed these risks, and that they were not specific to Waverley. The audit work did not identify any issues in respect of these risks. Further detailed testing had been undertaken on areas which could be considered high risk, either due to the volume of transactions or the complexity of transactions; again, no significant issues were identified.

An amendment to the report was tabled, which regarded adjusted and unadjusted misstatements. It was noted that detailed testing on section 106 monies had identified that £100k had been wrongly categorised on the General Ledger. This error had been identified by officers and was corrected on the 2014/15 General Ledger however the 2013/14 accounts had not been updated. It was felt that the impact of amending the 2013/14 accounts would be disproportionate to the value of the amendment, which was not material.

It was noted that the fees section included an additional fee of £900 in respect of work on material business rates balances. This additional work was necessary due to the fact that there was no longer a requirement to certify NDR3 claims and this was reflected in a reduced grant certification fee in comparison to the previous year.

The audit findings report set out an action plan for certain areas where it had been identified that improvements could be made. One of these related to domain-level accounts with elevated network privileges and another related to security administration rights within Agresso and iTrent. Emily explained that Grant Thornton would follow up on these areas as part of next year's audit. The Committee asked that the IT Manager and Head of Finance provide a brief update to the next Audit Committee meeting on the work that had or would be done to resolve the issues.

RESOLVED that:

1. the Audit Findings report be noted; and

2. the IT Manager and Head of Finance be asked to report to the next meeting of the Audit Committee on the work that had or would be done to address the two audit recommendations set out above.

25 STATEMENT OF ACCOUNTS 2013/14 (Agenda item 8.)

The Committee received the Statement of Accounts for the year ended 31 March 2014. It was noted that due the misstatement set out in the Audit Findings report, a small change to the Letter of Representation was required and officers circulated an updated version of annexe 2 to the report, incorporating this change.

RESOLVED that:

1. the Statement of Accounts for the financial year ended 31 March 2014 be approved;
2. the Letter of Representation for 2013/14 be approved; and
3. the Committee confirms that the accounts have been prepared on a going concern basis.

26 EXCLUSION OF PRESS AND PUBLIC (Agenda item 10.)

At 8.22pm it was:

RESOLVED that pursuant to Procedure Rule 20 and in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item(s) on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s), there would be disclosure to them of exempt information (as defined by Section 1001 of the Act) of the description specified in paragraph 7 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely:

Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

27 INTERNAL AUDIT INVESTIGATION - UPDATE (Agenda item 11.)

The Committee received a verbal update from the Director of Finance and Resources on the latest position on an investigation.

The meeting commenced at 7.00 pm and concluded at 8.29 pm

Chairman