



Committee and Date

Audit Committee  
13 February 2014  
10.00 am

Item No

**3.**  
Public

**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY, 5 DECEMBER 2013**

10.00 am to 12.35 pm

**Responsible Officer** Liz Sidaway  
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**Present**

Messrs Cadwallader, B B Williams, J M Williams and Wood.

Mr G Patterson from Grant Thornton was also in attendance.

**43. Apologies for Absence and Substitutions**

43.1 Apologies were tendered from Councillor Chris Mellings.

**44. Disclosable Pecuniary Interest**

44.1 The Chairman reminded members that they must not participate in the discussion or vote on any matter in which they had a disclosable pecuniary interest and that they should leave the room prior to the commencement of the debate.

**45. Minutes**

45.1 **RESOLVED:**

Subject to the following amendment below to paragraph 28.2 in **bold**, that the Minutes of the meeting held on 19 September 2013 be approved and signed by the Chairman as a correct record.

The Revenues Manager advised members that in the financial year 2012/13 **up to 27 August 2012** 48.6% of Council Tax and 46% of NNDR had been collected by the Council. He confirmed that between 31 March **2013** and 26 August **2013** the Revenues Team had collected 48.1% of Council Tax and 51% of NNDR debt against the Council's target. Members were advised that the Council was the joint 8<sup>th</sup> highest unitary collecting authority for the collection of Council Tax and the joint 13<sup>th</sup> highest collecting unitary authority for business rates.

**46. Public Question Time**

46.1 The Chairman indicated that a question had been submitted in accordance with the Council's Public Question Time scheme. It was noted that in future,

Public Question Time would be included as a standing item on all future meetings of the Audit Committee.

46.2 Mr Stephen Mulloy of Shrewsbury had submitted a series of questions in relation to the Sale of Shrawardine Farm, the sale of land adjacent to Bromfield Drive, Shrewsbury and using consultants that are in liquidation. The Audit Service Manager responded – copies attached to the signed minutes - and it was agreed that a full response be given to a future meeting of the Audit Committee.

46.3 Mr Mulloy was invited to ask a supplementary question and in doing so queried the Council's Public Speaking process and expressed concern that the Council was not engaging sufficiently with the public. The Chairman indicated that this was not an issue for the Audit Committee.

#### **47. Update on Shared Services, Payroll and other Key Financial Systems**

47.1 The Committee considered the report of the Head of Programme Management Systems and Transition - copy attached to the signed Minutes - giving an update on the progress made to address the 'fundamental' and 'significant' recommendations that emerged from the 19 Internal Audit reports completed in 2012/13.

47.2 The Deputy Section 151 Officer reported that out of the 122 significant or fundamental audit recommendations, 96 (79%) had been addressed. The Deputy Section 151 Officer stated that in addressing the recommendations, written procedures had been refreshed which had led to the opportunity to redesign current service provision to improve the direction of travel.

#### **47.3 RESOLVED:**

That the progress made in addressing the Internal Audit recommendations and the opportunity for future service improvement as set out in the report be noted by the Audit Committee.

#### **48. Duplicate Payments Progress Update**

48.1 The Deputy Section 151 Officer presented an update report on the progress made in respect of the recovery of duplicate payments. She ~~indicated~~ stated that despite the significant recovery of £276,085, the amount represented 0.004% of the total value of transactions reviewed. She confirmed that the Council's financial system was robust enough to prevent the majority of duplicate payments being made.

48.2 In response to a question, the Deputy Section 151 Officer indicated that most duplicate payments were due to copy invoices being processed prior to receipt of an original invoice which is subsequently received and processed. She confirmed that the payments system was designed to block the payment of

invoices with the same invoice number. It was noted that purchase of the new software has been funded by the recovery of duplicate payments which will serve to eliminate future duplications.

**48.3 RESOLVED:**

That the position as set out in the Report of the Head of Finance, Governance and Assurance (Section 151) on the duplicate payments be noted and accepted.

**49. Treasury Strategy 2013/14 Mid Year Report**

49.1 The Committee considered the report of the Head of Finance, Governance and Assurance – copy attached to the signed minutes – on a mid-year review of the Treasury Strategy which had been prepared in compliance with CIPFA's Code of Practice on Treasury Management 2011 and covered the following matters:

- An economic update for the first six months of 2013/14;
- A review of the Treasury Strategy 2013/14 and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2013/14;
- A review of the Council's borrowing strategy for 2013/14;
- A review of any debt rescheduling undertaken; and
- A review of compliance with Treasury and Prudential limits for 2013/14.

49.2 The report highlighted the internal treasury team's performance which achieved a return of 0.55% on the Council's cash balances outperforming the benchmark by 0.29%. Members of the Committee congratulated the team on their excellent performance.

**49.3 RESOLVED:**

That the mid-year position in respect of the Treasury Strategy as set out in the report by the Head of Finance, Governance and Assurance (Section 151 Officer) be accepted.

**50. External Audit (Grant Thornton): The Annual Audit Letter for Shropshire Council**

50.1 The Committee received the Annual Audit Letter for Shropshire Council from the External Auditors (Grant Thornton), copy attached to the signed Minutes - which set out the findings from the 2012/13 audit of the Council's financial statements and an assessment of the Council's arrangements to achieve value for money in its use of resources.

50.2 The District Auditor took Members through the report and highlighted the salient points. He confirmed that following the audit of the Council's processes, ~~he~~ the following conclusions had been provided:

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year

- an unqualified opinion on the Pension Fund accounts within the financial statements and the Pension Fund Annual Report which give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2013 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2013
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources, and
- an unqualified opinion on the council's Whole of Government Accounts submission.

50.3 The Chairman thanked the District Auditor for the report and was pleased to note that the [External Auditors](#) were entirely satisfied in the manner in which the Council conducted its affairs.

50.4 **RESOLVED:**

- (a) That the contents of the Annual Audit Letter for Shropshire Council be noted.
- (b) That a copy of the Annual Audit Letter be circulated to all Councillors for information.

51. **External Audit (Grant Thornton): Audit Committee Update for Shropshire Council**

51.1 The Committee considered the update report of the External Auditor – copy attached to the signed Minutes – which summarised the several emerging national issues and developments. The update also included a number of challenge questions that the Committee may wish to consider at their future training sessions.

52.2 The Audit Services Manager invited members of the Committee to submit their preferred issues and it was suggested that each of the challenge questions be incorporated into a single training session to provide an overview of each of the issues.

52.3 **RESOLVED:**

That the contents of the report be noted.

53. **Annual Review of Counter Fraud, Bribery and Anti-Corruption Strategy ~~and an Update on the Government's Strategic Plan Entitled 'Fighting Fraud Together'~~**

53.1 The Committee considered the report of the Audit Service Manager – copy attached to the signed Minutes – which informed Members that the Counter Fraud, Bribery and Anti-Corruption Strategy had been reviewed and refreshed in line with best practice and continued to set out the Council's commitment to stand against all forms of fraud, bribery and corruption whether it was attempted on or from within the Council.

53.2 A number of changes had been proposed to reflect the key changes in Whistle blowing laws which took effect earlier in the year and also reflected further internal structure changes.

**53.3 RESOLVED:**

That the Counter Fraud, Bribery and Anti-Corruption Strategy be accepted as a key part of the Council's stance against Fraud, Bribery and Corruption.

**54. Internal Audit Plan 2013/14 - Performance Report to 31 October 2013**

54.1 Consideration was given to the report of the Audit Services Manager – copy attached to the signed Minutes – which summarised the progress and work completed by Internal Audit since the [last report in](#) September 2013.

54.2 It was reported that 53% of the plan had been completed which was in line with the target of 90% by year end. The Audit Services Manager reported that seventeen good and reasonable assurances were made, whilst four limited and four unsatisfactory assurance opinions were issued since September 2013. She indicated that seventeen good and reasonable assurances were issued. Twenty five final reports had been issued<sup>s</sup> which contained 314 recommendations including five fundamental recommendations and confirmed that Senior Managers are fully aware of the findings and have agreed actions<sup>s</sup> plans to implement the recommendations made.

**54.3 RESOLVED:**

(a) That the half year performance against the 2012/13 Audit Plan set out in Appendix A be endorsed.

(b) That the adjustments required to the 2012/13 plan to take account of changing priorities set out in Appendix A be endorsed.

**55. Date of Next Meeting**

55.1 The next meeting of the Committee would be held on Thursday, 13 February 2014 at 10.00am in the Shrewsbury Room.

**56. Exclusion of Press and Public**

**56.1 RESOLVED:**

That in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and paragraph 10.2 of the Council's Access to Information Procedure Rules, the public and press be excluded during consideration of the following items on the grounds that they involve the likely disclosure of exempt information defined by the categories specified against the items.

**57. Fraud and Special Investigation Update - December 2013 (Exempted by Categories 2, 3 and 7)**

57.1 The Committee considered the exempt report of the Senior Group Auditor – copy attached to the signed Minutes – which provided an update on current fraud and special investigations undertaken by the Internal Audit Team.

57.2 **RESOLVED:**

That the contents of the exempt report be noted.

Signed ..... (Chairman)

Date: 13 February 2014