



Committee and Date

Audit Committee

INSERT NEXT MEETING DATE

**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 27 NOVEMBER 2014
9.30 - 11.45 AM**

Responsible Officer: Liz Sidaway
Email: liz.sidaway@shropshire.gov.uk Tel: 01743 252885

Present

Councillor Brian Williams (Chairman)
Councillors Michael Wood (Vice Chairman), John Cadwallader, Chris Mellings and Mansel Williams

43 Apologies for Absence / Notification of Substitues

43.1 There were no apologies for absence.

44 Disclosable Pecuniary Interests

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

45 Minutes of the previous meeting held on the 18 September 2014

45.1 RESOLVED:

That the Minutes of the meeting held on the 18 September 2014 be approved and signed by the Chairman as a correct record.

46 Public Questions

46.1 There were no public questions.

47 Management Report: Council Tax and Non Domestic Rates Performance Monitoring Report

47.1 Consideration was given to the report of the Revenues Manager - copy attached to the signed minutes - which set out the performance monitoring rates on the collection of income through Council Tax and National Non Domestic Rates for the year up to 31 March 2014 and progress on the year to 31 March 2015.

47.2 RESOLVED:

That the contents of the report by the Revenues Manager be noted and accepted.

48 Treasury Strategy 2014/15 Mid Year Report

- 48.1 The Head of Finance, Governance and Assurance (Section 151 Officer) presented his report - copy attached to the signed minutes - on a mid-term review of the Treasury Strategy which had been prepared in compliance with CIPFA's Code of Practice on Treasury Management.
- 48.2 The report highlighted that the internal Treasury Team achieved a return of 0.57% on the Council's cash balances, outperforming the benchmark by 0.27%.
- 48.3 **RESOLVED:**
- (a) That the mid-year position in respect of the Treasury Strategy as set out in the report of the Head of Finance, Governance and Assurance (Section 151 Officer) be accepted.
 - (b) That it be noted that any capital schemes brought forward which would impact on the current Treasury Strategy would need to be approved by Council.

49 Internal Audit: IT Update

- 49.1 The Committee considered the report of the Audit Engagement Officer which set out details of the work undertaken on the IT control environment by the Internal Audit Team.
- 49.2 The Audit Engagement Officer reported that good progress had been made on implementing the agreed control improvements however, two audits had achieved the same unsatisfactory audit opinion as in 2013/14 and identified further work required to mitigate the ongoing risks identified.
- 49.3 Due to the levels of concerns highlighted within the report, members requested that an update report be circulated at the earliest opportunity to seek to assure members of improvements to the IT control environment. Due to the severity of the concerns raised by the Committee, it was agreed that a special meeting be convened to consider the matter further.
- 49.4 **RESOLVED:**
- (a) That the report of the Engagement Officer be noted and that the Audit Committee expressed grave concern regarding aspects of the report.
 - (b) That a briefing note be circulated by the Head of Finance, Governance and Assurance (Section 151 Officer) to members of the Audit Committee
 - (c) That the Head of Customer Involvement be requested to attend the next meeting of the Audit Committee to examine the implications contained within the report.

50 Annual Review of Counter Fraud, Bribery and Anti-Corruption Strategy

- 50.1 Consideration was given to 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 aligned to the CIPFA Code of Practice.
- 50.2 **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.

51 Annual Review of the Audit Committee Terms of Reference

51.1 The Committee considered the report of the Head of Finance, Governance and Assurance (Section 151) - copy attached to the signed minutes - on the updated Audit Committee Terms of Reference which reflected the recent CIPFA guidance - Audit Committees: Practical Guidance for Local Authorities and Police 2013.

51.2 RESOLVED:

That, subject to the inclusion of the word 'members' in item 44, the current Audit Committee Terms of Reference be endorsed and accepted.

52 Audit Committee Self-Assessment of Good Practice

52.1 The Committee considered the report of the Head of Finance, Governance and Assurance (Section 151) - copy attached to the signed minutes - which requested members to review and comment on the self-assessment of good practice questionnaire to assess the effectiveness of the Audit Committee and identify any further improvements.

52.2 RESOLVED:

- (a) That the Self-Assessment of Good Practice be endorsed.
- (b) That compliance for questions 6, 19 and 20 be revised from partial to fully compliant.
- (c) That the Audit Service Manager be asked to monitor progress on the continued effectiveness of the Committee.

53 External Audit: Annual Audit Letter 2013/14

53.1 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.

53.2 RESOLVED:

That the Annual Audit Letter for Shropshire Council be noted and accepted.

54 External Audit: Audit Committee Update Report

54.1 The Committee considered the update report of the External Auditor – copy attached to the signed Minutes – which summarised the emerging national issues and developments and identified a number of challenge questions in respect of the emerging issues.

54.2 RESOLVED:

That the contents of the Annual Audit Committee Update be noted.

55 Internal Audit Charter - Annual Review

55.1 Consideration was given to the report of the Audit Service Manager - copy attached to the signed minutes - which referred to the Internal Audit Charter which was required to be reviewed on an annual basis by the Audit Committee and contributed to the Council's corporate governance arrangements.

55.2 RESOLVED:

That the Internal Audit Charter be endorsed and accepted.

56 Internal Audit Plan 2014/15 - Seven Month Review

56.1 The Committee considered the report of the Audit Service Manager - copy attached to the signed Minutes - which provided members with an update of the work undertaken by Internal Audit since the last report considered in September 2014 and summarises progress against the 2014/15 Internal Audit Plan.

56.2 RESOLVED:

- (a) That the performance to date against the 2014/15 Audit Plan set out in Appendix A be endorsed and noted.
- (b) That the adjustments required to the 2014/15 plan to take account of changing priorities set out in Appendix B also be endorsed.

57 Date and Time of Next Meeting

57.1 The next meeting of the Audit Committee would be held on Monday, 23 February 2015 at 9.30 am.

58 Exclusion of Press and Public

58.1 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 item on the grounds that it involves the likely disclosure of exempt information as defined by the categories specified against the item.

59 Fraud and Special Investigation Update November 2014 (Exempted by Categories 2, 3 and 7)

59.1 The Committee considered the exempt report of the Engagement Officer which provided an update on the current fraud, special investigations undertaken by the Internal Audit Team since the last meeting.

59.2 RESOLVED:

That the contents of the exempt report be noted.

Signed (Chairman)

Date: