



<p><u>Committee and Date</u></p> <p>Audit Committee</p> <p>25 June 2015</p>
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**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 23 FEBRUARY 2015
9.30 AM - 12.38 PM**

Responsible Officer: Liz Sidaway
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Present

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

66 Apologies for Absence / Notification of Substitutes

66.1 Apologies for absence were received from Councillor Chris Mellings.

67 Disclosable Pecuniary Interests

67.1 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.

68 Minutes of the previous meeting held on the 27 November 2014 and the 10 February 2015

68.1 **RESOLVED:**
That the minutes of the meeting held on the 10 February 2015 and the 27 November 2014 be approved and signed by the Chairman as a correct record.

69 Public Questions

69.1 There were no public questions.

70 Reviewing the Audit Plan

70.1 The Audit Services Manager gave a presentation entitled 'Reviewing the Audit Plan' which formed part of the agreed training for members of the Audit Committee.

70.2 **RESOLVED:**
That the presentation be noted.

71 Benefit Fraud Investigations - Performance Monitoring Report

71.1 The Revenues and Benefits Service Manager presented his report - copy attached to the signed minutes - which set out details of the investigative work undertaken

into fraudulent claims for Housing Benefit, Council Tax Benefit and other Welfare Benefits jointly with the Department for Work and Pensions for the financial year 2014/15 to the 10 February 2015.

71.2 RESOLVED:

That the position as set out in the report of the Revenues and Benefits Service Manager - Investigations on the team performance be noted and accepted.

72 Treasury Strategy 2015/16

72.1 The Committee considered the report of the Head of Finance, Governance and Assurance – copy attached to the signed minutes – on the proposed Treasury Strategy for 2015/16 and the recommended Prudential Indicators for 2015/16 to 2017/18.

72.2 RESOLVED:

That the proposed Treasury Strategy for 2015/16 and recommended Prudential Indicators as set out in the report by the Head of Finance, Governance and Assurance (Section 151 Officer) be noted and accepted.

73 Internal Audit Report of the Review of Risk Management Audit 2014/15

73.1 The Committee considered the report of the Engagement Auditor - copy attached to the signed minutes - which summarised the detailed findings identified in the Internal Audit review of risk management of which the overall control environment had been assessed as Reasonable.

73.2 Some concern regarding the monitoring of risks was identified by members of the Committee and in response, the Head of Finance, Governance and Assurance (Section 151 Officer) assured members that strategic risks were monitored and reviewed by Cabinet during their informal meetings and operational risks monitored and assessed by the Council's Senior Management Team.

73.3 RESOLVED:

That the Internal Audit Risk Management 2015/16 be endorsed and accepted.

74 Review of the Audit Committee's Annual Work Plan and Future Learning and Development Requirements 2015/16

74.1 The Committee considered the report of the Audit Services Manager - copy attached to the signed minutes - which provided members with a proposed work plan for the year ahead to ensure they received appropriate learning and development to deliver their responsibilities effectively to fulfil their roles as members of the Audit Committee.

74.2 RESOLVED:

- (a) That the Work Plan as set out in Appendix A for 2015/16 be approved and be regularly monitored during the year.
- (b) That the Audit Services Manager, in consultation with the Chairman of the Audit Committee, be delegated to finalise the Learning and Development Plan for 2015/16

75 External Audit: Audit Committee Update for Shropshire Council

75.1 The Engagement Lead (Grant Thornton) presented the Audit Committee Update for Shropshire Council - copy attached to the signed minutes - which highlighted the progress made on work undertaken during the year and summarised the emerging national issues and developments of relevance to the Council. He indicated that no major issues had been identified.

75.2 RESOLVED:

That the contents of the Audit Committee Update Report for Shropshire Council be noted and accepted.

76 External Audit: Certification Summary Reports 2013/14 including Housing Benefit

76.1 Consideration was given to a report from Grant Thornton (External Auditor) - copy attached to the signed minutes - detailing the Certification Work Report 2013/14 relating to grants, subsidy and the return of financial information. It was noted that Grant Thornton had certified two claims for the financial year 2013/14 which related to £72 million. It was reported that the fees for the certification of housing benefit subsidy claims had been reduced by 12% to reflect the removal of council tax benefit.

76.2 RESOLVED:

That the Certification Report 2013/14 be noted and endorsed by the Committee.

77 External Audit: Plan 2014/15

77.1 The Committee received the Audit Plan 2014/15 for Shropshire Council - copy attached to the signed minutes - setting out the work that Grant Thornton would be undertaking to discharge their responsibilities in relation to the Council's financial statements to provide a conclusion on the Council's arrangements for achieving Value for Money (VFM) and to consider the Council's Annual Governance statement.

77.2 RESOLVED:

That the Audit Plan for Shropshire Council be noted and accepted.

78 External Audit: Informing the Audit Risk Assessment for Shropshire Council

78.1 Consideration was given to the report of the External Auditors - copy attached to the signed minutes - which set out the contribution towards the effective two-way communication between auditors and the Council's Audit Committee, as 'those charged with governance'.

78.2 RESOLVED:

That the contents of the External Audit report 'Informing the Audit Risk Assessment for Shropshire Council' be noted and accepted.

79 **Draft Internal Audit Risk Based Plan 2015/16**

79.1 Consideration was given to the report of the Audit Service Manager - copy attached to the signed minutes - on the draft Internal Audit Plan for 2015/16. It was noted that the plan provided audit coverage across the Council's services and also delivered internal audit services for a range of external clients.

79.2 The Audit Service Manager summarised the Audit Plan and confirmed that the plan could be adjusted during the course of the year as workflow dictated and indicated that this would be undertaken in consultation with the Section 151 Officer if necessary.

79.3 The Committee expressed significant concern in relation to the reduction in resources and acknowledged the significant challenges faced by the Internal Audit Team as a result. The Head of Finance, Governance and Assurance (Section 151 Officer) undertook to bring this issue to the attention of the Senior Management Team and Cabinet to ensure they were fully appraised of the concerns of the Audit Committee.

79.4 **RESOLVED:**

That the proposed Internal Audit Plan 2015/16 be accepted and adopted with concern expressed that the reduced resources were close to failing to meet the risk profile of the Council.

80 **Internal Audit Plan 2014/15 - Ten Month Plan Report**

80.1 The Audit Services Manager presented her report - 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 November 2014 and summarised the progress achieved against the 2014/15 Internal Audit Plan.

80.2 **RESOLVED:**

- a. That the progress of the plan to date against the 2014/15 plan as set out in the report be accepted.
- b. That the adjustments required to the 2014/15 plan to take account of the changing priorities as set out in Appendix B be endorsed.

81 **Date and Time of Next Meeting**

81.1 **RESOLVED:**

The next meeting of the Audit Committee would be held on Thursday, 25 June 2015 at 9.30 am.

82 **Exclusion of Press and Public**

82.1 **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 as defined by the categories specified against them.

83 Exempt Minutes of the meeting held on the 10 February 2015

83.1 RESOLVED:

That the exempt minutes of the meeting held on the 10 February 2015 be approved and signed by the Chairman as a correct record.

84 Fraud, Special Investigation and RIPA Update February 2015

84.1 Consideration was given to the exempt report of the Engagement Officer which provided an update on the current fraud, special investigations undertaken by the Internal Audit Team together with an update on the RIPA activity since the last meeting.

84.2 RESOLVED:

That the contents of the exempt report be noted.

Signed (Chairman)

Date: