



Committee and Date

Audit Committee

25 November 2014

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 18 SEPTEMBER 2014 9.30 AM - 12.45 PM

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

26 Apologies for Absence / Notification of Substitutes

26.1 There were no apologies for absence.

27 Disclosable Pecuniary Interests

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.

28 Minutes of the previous meeting held on the 26 June 2014

28.1 RESOLVED:

That the Minutes of the meeting held on the 26 June 2014 be approved and signed by the Chairman as a correct record subject to the inclusion of the following words in Minute 10.2: *'That the report of the Head of Finance, Governance and Assurance be approved as follows.'*

29 Public Questions

29.1 The Chairman indicated that a question had been submitted in accordance with the Council's Public Question scheme.

29.2 Mr Stephen Mulloy of Shrewsbury had submitted a question as follows: Can the Audit Committee give serious consideration to investigating all land sales that were conducted by a particular officer and that all land sales documents are kept for future investigation and made publically available on line. The Audit Service Manager responded and reported on the response by the Information Governance Officer – copies of which are attached to the signed minutes.

29.3 Mr Mulloy was invited to ask a supplementary question and in doing so asked whether other property sales could be added to paragraph 5.10 of Agenda item 12. In response, the Chairman indicated that this was not related to the submitted

question and assured Mr Mulloy that the Council's business was undertaken in accordance with the statutory legislation and in accordance with adopted good practice guidelines.

30 Management Report on Programme Management Controls and Risks including Contract Health Check

30.1 Consideration was given to the report of the Director of Commissioning - copy appended to the signed minutes - which provided a progress update on the Council's programme management controls and contract management activities.

30.2 Members attention was draw to the robustness of the governance arrangements for the change related activities arising from the Council's Business Plan and Financial Strategy. The Director of Commissioning sought to assure members that the Council was managing its risk in a consistent, cohesive and resilient manner.

30.3 RESOLVED:

(a) That the contents of the report by the Director of Commissioning be endorsed and accepted.

(b) That a further update be submitted to the Audit Committee in March 2015.

31 Management Report on Housing Benefit Overpayment Performance

31.1 Consideration was given to the report of the Revenues Manager - copy attached to the signed minutes - which set out the performance monitoring information on the collection of this income relating to Housing Benefits for the year to 2013/14

31.2 RESOLVED:

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

32 Management Report on the Implementation of IT Control Improvements and Risks

32.1 The Committee considered the report of the Head of Service Support, Marketing and Engagement - copy attached to the signed Minutes - which provided members with an update on work being undertaken to ensure that the ICT infrastructure was, and continued to be, fit for purpose, robust and PSN compliant. The Committee was advised that the ICT Governance Framework would in future be monitored by the Information Governance Group to ensure the appropriate measures were in place to meet legal and external compliance requirements and to ensure appropriate business continuity measures were in place.

32.2 RESOLVED:

That the progress made as outlined in the report noted.

33 Audited Annual Statement of Accounts 2013/2014

33.1 The Committee considered the report of the Head of Finance, Governance and Assurance (Section 151 Officer) – copy attached to the signed Minutes – which set out the final audited outturn position for the financial year 2013/14 which would be confirmed by Council on the 25th September 2014.

33.2 The Head of Finance, Governance and Assurance (Section 151 Officer) reported that there had been no material changes to the main accounting statement since the version considered by the Committee in June.

33.3 **RESOLVED:**

- (a) That the Statement of Accounts be accepted by the Audit Committee.
- (b) That the Head of Finance, Governance and Assurance (Section 151 Officer) be authorised to make any minor adjustments to the Statement of Accounts prior to the 30 September 2014.

34 **Annual Treasury Report 2013/2014**

34.1 The Head of Finance, Governance and Assurance (Section 151 Officer) presented his report – copy attached to the signed minutes – on the treasury activities for Shropshire Council for 2013/14. He indicated that the internal treasury team had outperformed their investment benchmark by 0.3% in 2013/14 and performance for the last three years was 0.5% per annum above benchmark.

34.2 **RESOLVED:**

That the position as set out in the report by the Head of Finance, Governance and Assurance (Section 151) on the Annual Treasury Report 2013/14 be accepted.

35 **Risk and Insurance Annual Report 2013/2014**

35.1 The Committee considered the report of the Risk Management Team Leader – copy attached to the signed Minutes – which set out the challenges and achievements accomplished by the Risk Management Team during 2013/14.

35.2 The Risk Management Team Leader advised that both the Risk Management and Insurance teams had been audited with no recommendations identified. It was noted that strategic risks remained a key area for the Risk Management Team and updates were regularly reported to the Senior Management Team and Cabinet.

35.3 **RESOLVED:**

That the report be received and noted.

36 **Internal Audit Plan 2014/15 Performance Report**

36.1 The Committee considered the report of the Audit Service Manager – copy attached to the signed Minutes – which set out an update to the draft Internal Audit Plan considered by the Committee in March. She indicated that several changes both in the Council's structure and available resources had necessitated changes to the draft plan. The refined Internal Audit Plan provided members of the Committee with an update on the work undertaken by the Internal Audit Team between the 1st April and the 17th August 2014.

36.2 The Audit Service Manager reported that despite a challenging start to the year, 28% of the revised audit plan had been completed to date which was in line with a year end target of 90%. Members of the Committee were informed that since April 2014, 37 final reports had been issued with 25 good and reasonable assurances, 1 unsatisfactory and a further 11 limited assurance opinions issued.

36.3 **RESOLVED:**

- (a) That the performance to date against the 2014/15 Audit Plan be noted.
- (b) That the adjustments to the 2014/15 Action Plan be confirmed to reflect the changing priorities as set out in Appendix A of the report.

37 Internal Audit Counter Fraud Management Update

37.1 The Committee considered the report of the Audit Engagement Officer - copy attached to the signed Minutes - which provided members with an update on the authority's counter fraud activities and initiatives. She stated that the active participation in counter fraud remained a positive and integral part of the Council's commitment to the detection and prevention of fraud.

37.2 **RESOLVED:**

That the report of the Audit Engagement Officer be endorsed and accepted.

38 External Audit: Shropshire Council Audit Findings 2013/2014

38.1 The Committee considered the report of the External Auditor – copy attached to the signed Minutes – which summarised the key matters arising from the audit of Shropshire Council's financial statements for the year ending 31 March 2014 which was substantially complete. The report highlighted the key messages arising from the audit of the Council's financial statements and the results of work undertaken to assess the Council's arrangements to secure value for money and use of resources. The External Auditor confirmed that he proposed to issue an unqualified opinion on the financial statements.

38.2 The External Auditor also reported on his intention to issue an unqualified value for money conclusion which would confirm that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

38.3 **RESOLVED:**

That the contents of the report be noted.

39 External Audit: Shropshire County Pension Fund Audit Findings Report 2013/2014

39.1 The Committee considered the report of the External Auditor – copy attached to the signed Minutes – which summarised the findings for the year ended 31 March 2014 on the audit of the Pension Fund financial statements.

39.2 The External Auditor informed the meeting that this report would be considered by the Pensions Committee and had been brought to the Audit Committee as an information item.

39.3 **RESOLVED:**
That the contents of the report by the External Auditor be noted.

40 **Date and Time of Next Meeting**

40.1 **RESOLVED:**
That the next meeting of the Audit Committee be held on Thursday, 27 November 2014 at 9.30 am in the Shrewsbury Room, Shirehall, Shrewsbury.

41 **Exclusion of Press and Public**

41.1 **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 involved the likely disclosure of exempt information defined by the categories specified against the items.

42 **Fraud and Special Investigation Update September 2014 (Exempted by Categories 2, 3 and 7)**

43.1 The Committee considered the exempt report of the Audit Engagement Officer on an update on the current fraud and special investigations undertaken by the Internal Audit Team.

43.2 **RESOLVED:**
That the contents of the exempt report of the Audit Engagement Officer be noted.

Signed (Chairman)

Date: