

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY, 13 FEBRUARY 2014

10.00 am to 12.35 pm

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Present

Messrs Cadwallader, Carroll, Mellings, B B Williams, and J M Williams.

Mr G Patterson and Mrs E Mayne from Grant Thornton were also in attendance.

58. Apologies for Absence and Substitutions

58.1 Apologies were tendered from Councillor Michael Wood, Councillor Dean Carroll attended as his substitute.

59. Disclosable Pecuniary Interest

59.1 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.

60. Minutes

60.1 RESOLVED:

That, subject to the following amendments being made to Minute 54.3 as shown in bold below, the Minutes of the meeting held on the 5 December 2013 be approved and signed by the Chairman as a correct record:

- (a) That the half year performance against the **2013/14** Audit Plan set out in Appendix A be endorsed.
- (b) That the adjustments required to the **2013/14** plan to take account of changing priorities set out in Appendix A be endorsed.

61. Public Question Time

61.1 The Chairman indicated that written responses had been circulated in relation to the series of questions submitted by Mr S Mulloy of Shrewsbury to the last meeting of the Audit Committee in accordance with the Council's Public

Question Time scheme, copies attached to the signed minutes. The Chairman invited Mr Mulloy to put his supplementary questions to the Committee as per the scheme.

- 61.2 Supplementary Question - Sale of Shrawardine Farm - Mr Mulloy questioned whether the documents referred to in respect of the valuation on Shrawardine Farm could be made available. The Chairman indicated that the most appropriate way forward was for Mr Mulloy to submit a freedom of information request.
- 61.3 Supplementary Question - Sale of Land adjacent to 8 Bromfield Drive, Shrewsbury - Mr Mulloy asked the Chairman to set up a meeting with the Chief Executive, the Leader and Mr Evans to discuss the sale. The Chairman indicated that he considered that matter had been adequately dealt with by way of the written response and that a meeting was unnecessary.
- 61.4 Supplementary Question - Using Consultants in Liquidation - Mr Mulloy asked whether an economist could be engaged to consider this matter. The Chairman stated that this would not be undertaken and reminded Mr Mulloy of the option to refer his concerns to the Local Government Ombudsman.

62. Update on Programme Management Controls and Risks

- 62.1 The Committee considered the report of the Programme Management Officer - copy attached to the signed Minutes - giving an assurance on the robustness of governance arrangements for all change related activity including service redesign, new delivery vehicles including IT enablement and mobile and flexible ways of working.
- 62.2 The Programme Management Officer indicated that the Programme Management Office were working closely with the Risk Management Team to ensure adherence to the Council's agreed Risk Management Strategy. He confirmed that any major issues would be referred to the Senior Management Team for close monitoring. Some members expressed concern in respect of the lines of accountability. In response the Programme Management Officer confirmed that liaison with the Leader of the Council and relevant Portfolio Holder was regularly undertaken.
- 62.3 In response to a question, the Programme Management Officer agreed to notify members of the Committee of the names of local authorities operating their management control process through the programme management 'tracking hub' model.
- 62.4 **RESOLVED:**
- (a) That the position as set out in the report of the Programme Management Officer on the governance arrangements for change related activity as set out in the report be noted.
 - (b) That the Leader of the Council be asked to confirm the relevant Portfolio Holder with overall responsibility for Programme Management.

- (c) That an update report be submitted to all future meetings.

63. Benefit Fraud Team Performance Monitoring Reports

- 63.1 The Team Manager - Investigations presented an update report - copy attached to the signed minutes - on performance monitoring information undertaken by officers for the financial year 2013/14 to 17 January 2014 in relation to fraudulent claims for housing benefit, council tax benefit and other welfare benefits.
- 63.2 The Team Manager – Investigations drew Members’ attention to the Housing Benefit and Council Tax Benefit overpayments identified and the actions taken. He confirmed that the administrative penalty recovered for 2012/2013 was £13,301.55 (not as stated in the report of £143,301.55 due to a typographical error).
- 63.3 In response to a question about the level of recovery of benefits overpayment, the Head of Finance, Governance and Assurance (Section 151) explained that responsibility rested with the Benefits Team and indicated that information could be to circulated to members of the Audit Committee at the end of the financial year.
- 63.4 **RESOLVED:**
That the position as set out in the report of the Team Manager - Investigations on the team performance be noted and accepted.

64. Treasury Strategy 2014/15 Mid Year Report

- 64.1 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 2014/15 and the recommended Prudential Indicators for 2014/15 to 2016/17.
- 64.2 **RESOLVED:**
That the proposed Treasury Strategy for 2014/15 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.

65. Annual Review of Audit Committee Terms of Reference

- 65.1 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 had been amended in line with recent CIPFA guidance.
- 65.2 **RESOLVED:**
That the current Audit Committee Terms of Reference be endorsed and accepted.

66. Audit Committee Self-Assessment of Good Practice

66.1 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.

66.2 RESOLVED:

That the Self-Assessment of Good Practice be endorsed and that the Audit Manager be asked to monitor progress on the continued effectiveness of the Committee as detailed in questions 18 to 20 of the Assessment and to draw up an action plan to address any deficiencies.

67. Internal Audit Plan 2013/14 - Third Quarter Report

67.1 The Committee considered 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 December 2013; summarised as follows:

- 67% of the plan had been completed which was in line with the target of 90% by year end;
- twenty good and reasonable assurances were made, whilst four limited assurances with no unsatisfactory opinions issued since December 2013; and
- twenty four final reports had been issued which contained 164 recommendations including only one fundamental recommendation.

67.2 A 38 day reduction to the revised Internal Audit Plan target had been proposed which was due to the higher than anticipated levels of special investigation work combined with the initial effects of the voluntary redundancy programme.

67.3 RESOLVED:

- (a) That the third quarter performance against the 2014/15 Audit Plan set out in Appendix A be endorsed.
- (b) That the adjustments required to the 2014/15 plan to take account of changing priorities set out in Appendix A be accepted.

68. External Audit (Grant Thornton): Audit Committee Update Report

68.1 The Committee considered the Annual Committee Update for Shropshire Council from the External Auditors (Grant Thornton) - copy attached to the signed Minutes - which highlighted the progress made to date on work undertaken during the year. The External Auditor took Members through the report and highlighted the salient points and stated that no major issues had been identified.

- 68.2 **RESOLVED:**
That the contents of the Audit Committee Update Report for Shropshire Council be noted.
- 69. External Audit (Grant Thornton): Certification Report for 2012/13 for Shropshire Council**
- 69.1 The Committee considered the certification report of the External Auditor – copy attached to the signed Minutes – which summarised the outcome of the grant certification work undertaken during the last financial year.
- 69.2 Members noted that the External Auditors had certified four claims and returns for the financial year 2012/13 which amounted to expenditure of £179 million. The External Auditor confirmed that the fee level for the certification work was £26,650 which was in line with that had previously been reported to the Council.
- 69.3 **RESOLVED:**
That the contents of the report by the External Auditor be noted.
- 70. External Audit (Grant Thornton): Financial Resilience Benchmarking Report**
- 70.1 The Committee considered the External Auditor's Financial Resilience Benchmarking Report - copy attached to the signed minutes - which detailed the review of the Council's arrangements for securing financial resilience.
- 70.2 The External Auditor confirmed that the Council was in a strong position in the majority of indicators in comparison with councils within the benchmark. He stated that the Senior Managers were aware of the areas requiring improvement and confirmed action had been taken to address this.
- 70.3 **RESOLVED:**
That the contents of the report by the External Auditor be noted.
- 71. Date of Next Meeting**
- 71.1 The next meeting of the Committee would be held on Thursday, 27 March 2014 at 10.00am in the Shrewsbury Room.
- 72. Exclusion of Press and Public**
- 72.1 **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.

73. Regulation of Investigatory Powers Act (RIPA) (Exempted by Categories 2 and 7)

73.1 The Service Manager Safer and Stronger Communities presented her exempt report on an update on activities in relation to the RIPA powers.

73.2 RESOLVED:

- (a) That the contents of the exempt report be noted and endorsed.
- (b) That, in future, unless a separate report was required, an update on the use of RIPA in accordance with the Council policy be appended and included within the Fraud and Special Investigation Update report.

74. Fraud and Special Investigation Update - February 2014 (Exempted by Categories 2, 3 and 7)

74.1 The Committee considered the exempt report of the Senior Group Auditor on an update on the current fraud and special investigations undertaken by the Internal Audit Team.

74.2 RESOLVED:

That the contents of the exempt report be noted.

Signed (Chairman)
Date: 27 March 2014