

NORTH DEVON COUNCIL

Minutes of a meeting of the AUDIT COMMITTEE held at the Brynsworthy Environment Centre, Barnstaple on Tuesday 9th May 2017 at 6.00 p.m.

PRESENT: Members:

Councillor Flynn (Chairman)

Councillors Bradford, Croft, Moore and Patrinos.

Also Present:

Mr. M. Towler – Mazars Public Sector Internal Audit Limited

Ms R. DeBradney – Mazars Public Sector Internal Audit Limited

Mr M. Bartlett – Grant Thornton

Officers:

Chief Executive, Head of Resources, Community Protection Manager and Senior Corporate and Community Services Officer (BT).

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Chugg and Roome.

2 MINUTES

RESOLVED that the minutes of the meeting held on 7th March 2017 (circulated previously) be approved as a correct record and signed by the Chairman.

3 DECLARATIONS OF INTEREST

There were no declarations of interest announced.

4 INTERNAL AUDIT PROGRESS REPORT 2016/17

The Committee considered a report by MAZARS Public Sector Internal Audit Limited (circulated previously) regarding the Internal Audit progress report for 2016/17.

The Committee was advised of the following updates on progress made against the Internal Audit Plan 2016/17:

- Security of premises audit was now in draft.
- CCTV audit was in progress and would be completed within the next two weeks.
- Contracts and Capital expenditure audit had now been completed.

- Information technology audits had been commenced and would be completed shortly.
- Safeguarding children and vulnerable adults audit had commenced and one further piece of testing was required prior to completion.
- All internal audits for 2016/17 would be completed shortly and the audit opinion would be reported at the next meeting of the Committee.

RESOLVED that the Internal Audit Progress report for 2016/17 be noted.

5 INTERNAL AUDIT PROGRESS REPORT 2017/18

The Committee considered a report by MAZARS Public Sector Internal Audit Limited (circulated previously) regarding the Internal Audit progress report for 2017/18.

The Committee was advised of the following updates on progress made against the Internal Audit Plan for 2017/18:

- Two internal audits had now commenced.
- Internal audits for quarter one had been programmed in and resourced.
- Progress was being made on programming and resourcing of the internal audits planned for quarter two.

RESOLVED that the Internal Audit Progress report for 2017/18 be noted.

6 EXTERNAL AUDIT FEE LETTER

The Committee considered Grant Thornton's External Audit fee letter for 2017/18 (circulated previously).

The External Auditor explained the fee letter, the basis for the fee to be charged and the outline audit timetable. He advised that the indicative fee for certification of grant claims and returns had yet to be set by the Public Sector Audit Appointments Limited (PSAA) and that the Council would be notified of the fee when it had been confirmed.

RESOLVED that the External Audit Fee letter for 2017/18 be noted.

7 EXTERNAL AUDIT PLAN 2016/17

The Committee considered a report by Grant Thornton (circulated previously) regarding the External Audit Plan for 2016/17.

The Committee was advised of the following:

- External Audit's understanding of the Council's business and key developments.

- For the purposes of planning the audit, the overall materiality had been determined as £1 million. The assessment of materiality would be kept under review throughout the audit process.
- Significant risks that had been identified and the work that had been completed to date and further work planned.
- Significant risks identified which had not changed from 2015/16 and the work that had been completed to date and further work planned.
- Other risks identified, the work that had been completed to date and further work planned which included changes to the presentation of local authority financial statements.
- Value for money and risk assessments that had been undertaken.
- Results of the interim audit work.
- The audit cycle.
- Audit fee level.
- There was no audit related or non-audit services identified for the Council for 2016/17.
- Audit findings would be reported to the September 2017 meeting of the Committee.
- It was positive for the Council that the action plan contained no recommendations.

The Head of Resources advised that all Council assets were reviewed on a rolling five year programme to ensure that the assets were held appropriately within the statement of accounts. The current value of assets held was £70m.

RESOLVED that the External Audit Plan for 2016/17 be noted.

8 EXTERNAL AUDIT PROGRESS REPORT AND UPDATE – YEAR ENDED 31ST MARCH 2017

The Committee considered a report by Grant Thornton (circulated previously) regarding the External Audit progress report and update for the year ended 31st March 2017.

The Committee was advised of the following updates on the progress made against the External Audit Plan for 2016/2017:

- Timeframe of progress made against the External Audit Plan for 2016/17.
- Audit on the draft financial statements would commence week beginning 17th July 2017 and the findings would be reported to the Committee on 5th September 2017.
- Update on the Local Government Finance settlement published in February 2017.
- Changes to the pooling of the Local Government Pension Scheme which had resulted in 90 schemes being merged into to six wealth funds. Each pool would develop its own proposals.
- Income spectrum and help provided to local authorities to achieve revenue and strategic objectives to create vibrant economies.

The Head of Resources advised that the changes to the pooling of the Local Government Pension Scheme would improve economies of scale and reduce overheads. Each fund would be managed by a smaller structure on a similar basis to that which managed the Local Government Pension Scheme. The larger pool of fund should give an improved return to Local Authorities.

RESOLVED that:

- (a) the External Audit progress and update for year ended 31st March 2017 be noted;
- (b) an update on the Local Government Pension Scheme be presented to the Committee on 7th November 2017;
- (c) copies of the Grant Thornton's report entitled "The Income Spectrum" be circulated to the Committee at the next meeting.

9 UPDATE ON BUSINESS CONTINUITY

The Head of Resources advised the Committee that the Community Protection Manager had been invited to the Committee following a number of outstanding audit recommendations within the audit recommendation tracker in relation to disaster recovery and business continuity over the past 12 months.

The Community Protection Manager advised that business impact assessments had been completed for each service. The assessments now needed to be reviewed following the officer restructure and tested. The assessments would be tested following the completion of the ICT recovery plan.

10 AUDIT RECOMMENDATION TRACKER

The Committee considered a report by the Head of Corporate and Community (circulated previously) in respect of actions taken to address internal and external audit recommendations.

The Committee noted the following updates:

- Table C – 15 DR 05, 15 DR 06, 14 AGS 02, 14 AGS 04 – that the ICT Manager was in the process of preparing a draft disaster recovery plan for consideration by Senior Management Team. An action plan would be produced and testing of the business impact analysis would then be undertaken.
- 15 HN (CBL) 01 – had commenced and should be completed in quarter 1 of 2017/18.

RESOLVED that:

- (a) the actions that had been taken to address identified risks since the 7th March 2017 meeting be noted;
- (b) the requests for revision to due dates as set out in table C be agreed;
- (c) the latest note under recommendation 14 AGS 04 on page 59 be amended to “26-04-17 As this recommendation links with **14 AGS 02....**”

11 WORK PROGRAMME 2017/18

The Committee considered the work programme for 2017/18 (circulated previously).

RESOLVED that the work programme be noted and that the “Appointment of External Auditors 2018/19 to 2022/23” be removed from the work programme.

Chairman

The meeting ended at 6.42 p.m.

NOTE These minutes will be confirmed as a correct record at the next meeting of the Committee.