

**MINUTES OF THE AUDIT & STANDARDS COMMITTEE  
HELD ON**

7 September 2016

7.30 - 8.46 pm

**PRESENT**

**Committee Members**

Councillor Karen Clempner (Chairman)  
Councillor Ian Beckett (Vice-Chair)  
Councillor Jean Clark  
Councillor Mark Ingall  
Councillor Stefan Mullard  
Councillor Edna Stevens

**Officers**

Simon Freeman, Head of Finance  
John Dyson, Principal Finance Manager  
Sarah Marsh, Internal Audit Manager  
Lorraine Bull, Senior Internal Auditor  
Debbie Hanson, Director, Ernst & Young  
Lisa Purse, Corporate and Governance Support Officer

**APOLOGIES**

Councillor Simon Carter  
Councillor Eddie Johnson  
Councillor Russell Perrin

14. **DECLARATIONS OF INTEREST**

None.

15. **MINUTES**

**RESOLVED** that the minutes of the meeting held on 22 June 2016 are agreed as a correct record and signed by the Chairman.

16. **MATTERS ARISING**

Reference Minute Item 9 b, Internal Audit Activity Report – Sarah Marsh, Internal Audit Manager provided an update at Agenda Item 11 of this meeting.

Reference Minute Item 10 – Risk Management Progress Report 2016/17 – Simon Freeman, Head of Finance advised that the local authority trading company HTS (Property and Environment) Ltd had not been included in the register because the Shareholder Sub Committee receives a regular report which would include this risk and that such risk would be unlikely to appear on the Risk Management report to the Audit and Standards Committee due to the scoring system used.

17. **WRITTEN QUESTIONS AND PETITIONS**

None.

18. **NON CONTENTIOUS BUSINESS**

**RESOLVED** that no items are taken as non-contentious business.

19. **COMMITTEE WORK PLAN**

The Committee received its current work plan for the 2016/17 municipal year. The unallocated items on the work plan were discussed and it was agreed that Corporate Risk 3 from the Corporate Risk Register had been previously been considered.

**RESOLVED** that Corporate Risks 4 and 7 would be considered at the 23 November 2016 meeting of this Committee.

20. **AUDITED ANNUAL ACCOUNTS 2015/16**

The Committee received the 2015/16 Statement of Accounts presented as appendix 1 to the report and a verbal update from Ernst & Young (the Council's external auditor) representatives on progress with the audit exercise.

**RESOLVED** that the draft 2015/16 Statement of Accounts is noted and referred to the Cabinet on 15 September 2016 for approval.

21. **MANAGEMENT LETTER OF REPRESENTATIONS 2015/16**

The Committee received the amended draft Letter of Representation regarding the audit of the 2015/16 financial statements.

**RESOLVED** that the draft Management Letter of Representation, attached at Appendix 1 of the report, is agreed as amended and recommended to Cabinet on 15 September 2016 for formal acknowledgement.

22. **AUDIT RESULTS REPORT (ISA 260)**

The Committee received a report, the amended item supplied at the meeting (appended to these minutes) and the external auditor's findings

on their audit of the Council's financial statements and arrangements to secure value for money in the use of its resources.

The Committee considered whether there were any significant matters to be referred to the Cabinet for their consideration alongside the Statement of Accounts.

The Committee congratulated the Head of Finance and his team for their hard work and efforts in compiling the Statement of Accounts.

**RESOLVED** that

(a) the report is noted and no matters are considered significant to refer to the Cabinet for consideration alongside the Statement of Accounts at its meeting on 15 September 2016;

(b) the Value for Money assessment of the Council's use of resources, as contained within the report from the Council's appointed auditor, is noted;

(c) the continued progress made in the preparation of the Statement of Accounts which, in preparation for the Government's requirement for earlier production of local authority final accounts with effect from 2017/18, has facilitated both an earlier audit to be completed and an associated reduction in the requirement to make amendments to the draft accounts, is acknowledged.

23. **INTERNAL AUDIT ACTIVITY REPORT**

The Committee received a report on the work undertaken by the Internal Audit Team service. This included the Recommendation Tracker, which was used to monitor the implementation of recommendations arising from previous internal audits.

The Committee expressed concerns regarding overdue audit reports and asked that the Head of Governance provide an explanation to the next meeting of this Committee should reports remain outstanding.

**RESOLVED** that the contents of the report are noted.

24. **RISK MANAGEMENT REPORT**

The Committee received the Risk Management Report and reviewed the Corporate Risk Register.

**RESOLVED** that the contents of the report and its appendix, acknowledging the positive progress the Council has made in recent years regarding risk management, is noted.

25. **REFERENCES FROM OTHER COMMITTEES**

None.

26. **MATTERS OF URGENT BUSINESS**

None.

CHAIRMAN OF THE COMMITTEE

## Uncorrected audit differences

The following differences, which are greater than £163,000, have been identified during the course of our audit and have not been considered material by management or by us for adjustments. We are bringing them to the Committee's attention to enable you to form your own view on these items.

| Amount                                 | Description of difference   |
|--|---|
| Provisions for Liabilities and Charges | <p>The Council has included within the collection fund a provision of £5.2 million relating to the potential repayment of successful appeals against the the ratebale value on business premises.</p> <p>We consider that the Council has overstated this provision by £632,000, as it has:</p> <ul style="list-style-type: none"><li>• Included in its calculation repayments related to amounts payable to the Council in 2016/17, but not received at 31 March 2016 (£932,000).</li><li>• Excluded from its calculation a forecast of future appeals related to income already recognised (£300,000)</li></ul> <p>In line with relevant guidance, the Council's share of the total provision is £2.7 million (40%). The provision included within the Council's balance sheet is therefore overstated by £253,000.</p> |