

AUDIT COMMITTEE

24 June 2015

PRESENT:

Councillors: Mosson (Chairman), O'Hagan (Vice Chairman), Strachan and Mrs Woodward

Independent Members: Mr R Betteridge and Ms P Moore

Officers in attendance: J Brown, M Hooper, J Kitchen, A Swift, and A Thomas.

Also present: Mr J Cook and Ms Helen Edmonds from Grant Thornton.

(**APOLOGIES FOR ABSENCE** were received from Councillors Leytham and Spruce (Cabinet Member for Finance)).

32 DECLARATIONS OF INTEREST:

There were no declarations of interest made.

33 MINUTES:

The Minutes of the Meeting held on 26 January 2015, as printed and previously circulated, were taken as read and approved as a correct record subject to the Chairman's introduction being amended to record that Mr James Cook from Grant Thornton had replaced Mr Grant Patterson.

34 SUBMISSION OF THE ANNUAL PLANNED AUDIT WORK PROGRAMME:

Consideration was given to the Internal Audit Work Programme for 2015/16.

RESOLVED: That the Annual Planned Audit Work Programme for 2015/16 be approved.

35 RISK MANAGEMENT UPDATE:

The Committee received an update on the Risk Management Strategy and the management of the Corporate Risk Register.

Members noted the role of Risk Champion and it was suggested that the Chairman of the Committee could undertake or mirror this role to further strengthen scrutiny.

It was advised that the Chancellor of the Exchequer had announced a 'stability' budget for 8 July 2015 and the details of this, together with the impact on the Council, would be reported to the Committee in due course.

Members were informed that the financial risks facing the Council continued to be severe and actions were being taken to manage and reduce the severity of the risk including the Fit for the Future programme which would ensure the Council balanced its budget over the period of the Medium Term Financial Strategy 2015-18. The Council's external auditors were asked to comment on the Council's position relative to other authorities and they confirmed that the overall picture was highly complex, noting that many District Councils had been increasing their reserves.

The Committee was advised that the new Strategic Plan would provide a framework for future

risk management.

RESOLVED: That the work being undertaken to ensure the Risk Management Strategy is adhered to and the actions taking place to manage the Council's most significant risks be noted.

36 REVIEW OF FINANCIAL PROCEDURE RULES

Consideration was given to the review of Financial Procedure Rules which was undertaken annually to ensure that the rules were relevant and reflected best practice.

It was noted that Contract Procedure Rules were in the process of being reviewed and would be submitted to a future meeting of the Committee.

In relation to the key controls for internal audit it was agreed that reference be made to the conduct of investigations into suspected fraudulent activity and improper conduct as reported by members of the public in addition to Members, Governors and employees.

Clarification was sought regarding the definition of contracts and grants in relation to Locality Commissioning. It was reported that the Council had received legal and specialist VAT advice from Price Waterhouse Coopers (subsequently agreed by HMRC) and although the process was titled 'Locality Commissioning' it actually represented a grant award process, which was less onerous for the Council and its partners and was beneficial from a VAT perspective. It was confirmed that a grant framework could enable awards to be reclaimed if targets and objectives were not met.

RESOLVED: That the content of the report be noted and Full Council be recommended to approve the latest set of Financial Procedure Rules as set out in Appendix A of the report subject to the proposed addition to section 4.1.4 to include members of the public.

37 AUDITING STANDARDS – COMMUNICATING WITH AUDIT COMMITTEE:

A report was submitted which aimed to ensure that there was effective two-way communication between the Audit Committee and the external auditor.

It was advised that in planning and performing the audit of financial statements the external auditor needed to understand how the Committee, supported by the Council's officers, met its responsibilities in relation to fraud, laws and regulations, going concern, related party transactions and accounting estimates. The report summarised the respective responsibilities of the Audit Committee, officers and external audit in each of these areas, as set out by International Standards on Auditing (UK and Ireland).

Each section of the report included the responses of officers to a series of questions and the Committee gave consideration to the arrangements and responses as set out in the report.

RESOLVED: That the content of the report on auditing standards for communication between the Audit Committee and the external auditor be noted.

38 THE AUDIT PLAN FOR LICHFIELD DISTRICT COUNCIL:

Members considered the Audit Plan for Lichfield District Council for the year ended 31 March 2015.

RESOLVED: That the Audit Plan for Lichfield District Council for the year ended 31 March 2015 be noted.

39 WORK PROGRAMME:

Members considered the Work Programme for 2015/16.

RESOLVED: That the Work Programme for 2015/16 be noted.

(The Meeting closed at 7:20 pm)

CHAIRMAN