

Minutes of a meeting of the Audit Committee held on 30th June 2015 at Pippbrook, Dorking from 7.00pm to 7.57pm

Present: Councillors Stella Brooks (Chairman), Simon Ling (Vice-Chairman), Emile Aboud, Paul Elderton and Duncan Irvine.

1. Election of Chairman for Meeting

NOTE - Due to the delayed arrival of several Members to the meeting including the Chairman of the Committee, it was agreed amongst the Members present to elect Councillor Paul Elderton to Chair the meeting until such time as the Chairman of the Committee arrived

RESOLVED: That Councillor Paul Elderton be elected as Chairman of the meeting.

2. Minutes

The minutes of the meeting held on 19th May 2015 were approved as a correct record and signed by the Chairman.

3. Apologies for Absence

Apologies for absence were received from Councillors Tim Ashton and Michelle Watson

4. Disclosure of Interests

None declared

5. Statement of Accounts 2014/15

The Committee received the Council's draft Statement of Accounts 2014/15 (Annexe A) and Annual Governance Statement 2015 (Annexe B), and were asked to note the contents of these papers, prior to their submission to the Auditors, Grant Thornton, by 30 June 2015. The Financial Services Manager explained that in previous years an informal meeting had been arranged shortly before the date of the formal Committee meeting to enable Members to be briefed on the accounts prior to their submission. Unfortunately it had not been possible to convene such a meeting to date, however the Chairman and other Members had expressed support for the idea of holding an informal meeting in early September for this purpose, prior to the next meeting of the Committee.

Members were advised that the Accounts did not require formal approval at this stage, but best practice dictated that the Committee should have sight of the first draft before the External Auditor's review. The Accounts, alongside the Auditor's opinion and report, would be available for public inspection for a statutory period over the summer before returning to the Audit Committee for scrutiny and authorisation at its next meeting on 17 September 2015.

The Financial Services Manager explained that the Statement of Accounts before Members comprised a mixture of communication and compliance material. They therefore provided a far more comprehensive overview of the Council's financial position than the monthly monitoring updates delivered at meetings of the Executive. The format of the accounts (in accordance with CIPFA standards) is largely similar across all local authorities, irrespective of their size.

Members asked for clarification regarding some of the terminology used in the Statement of Accounts. The Financial Services Manager advised that a glossary was included on pages 91 to 99 of the report to provide Members with definitions for any terms which they might be unfamiliar with.

The Chairman invited the Council's Policy and Performance Manager to address the Committee on Annexe B of the report, the Council's Annual Governance Statement 2015. The Statement explained the processes and procedures in place to enable the Council to carry out its functions effectively and ensure continuous improvement. Members were updated on the progress achieved against the seven areas which had been identified for specific focus in the previous year's Annual Governance Statement. A further five areas had been identified for specific focus during 2015/16 as a result of a review of the effectiveness of the Council's internal control and corporate governance arrangements:

1. Developing a forward plan for community engagement, consultation and communication
2. Reviewing and updating the Whistle Blowing Policy and the Anti Fraud & Corruption Policy
3. Reviewing and updating the Procurement Strategy
4. Reviewing and updating the Asset Management Strategy and Plan
5. Embedding principles for working in partnership

Over the coming year, steps would be taken to address these five areas to further enhance the Council's governance arrangements. The document had been signed by the Leader of the Council and the Chief Executive, whilst the Chairmen of the Scrutiny and Audit Committees had approved its contents.

The Chairman welcomed Matt Dean from Grant Thornton to the meeting and Members' attention was drawn to Annexe C of the report, which provided the Committee with an update on the recent progress of the delivery of the Auditor's responsibilities. Following receipt of the Council's draft financial statements by 30 June, Grant Thornton would be visiting Pippbrook during August to September 2015 to carry out the final audit of the 2014/15 accounts. This would include an audit of the Council's financial statements, a proposed opinion on the Council's accounts, and a proposed Value for Money conclusion.

Members commented that the summary document contained links to a number of general guidance documents and queried whether these were simply included as a promotional tool for Grant Thornton or if they should be actively consulting them. Mr Dean acknowledged that Members might find some of the guidance documents more useful than others, but suggested that in particular the 'guide to local authority accounts' detailed on pages 26 to 27 of the report would be a helpful starting point.

Members asked for clarification as to why the testing of expenditure referred to on page 19 of the report had been pushed back to August, rather than being completed as intended in April 2015. Mr Dean explained that this decision was based on the judgement that it would simply be more efficient for this work to be carried out in conjunction with the Auditor's main visit in August. Members also noted that the document made reference to an initial risk assessment that had been carried out in April 2015, and asked whether this had been satisfactory. Mr Dean advised Members that the initial assessment acted as a preliminary check ahead of more detailed assessments to follow, but that no areas of particular concern were apparent at this time. Members also asked about the financial challenges threatening pension fund viability. Mr Dean advised that whilst there were no immediate concerns, the majority of pension funds were facing funding challenges, with the longer-term forecast suggesting that the gap in affordability would continue to increase. In all likelihood there would be Government intervention at some stage to consider reforms to the system.

RESOLVED: That:

1. Annexes A & B, being the Council's Draft Statement of Accounts 2014/15 and Annual Governance Statement, be submitted to the Auditors, Grant Thornton, by 30 June 2015; and
2. The update from the External Auditors, Grant Thornton, be noted

6. Audit Committee Annual Report

(The Chairman of the Audit Committee, Councillor Stella Brooks, took over from Councillor Paul Elderton as Chairman of the meeting from this item onwards)

The Committee considered the report set out on pages 29 to 36 which asked it to note the progress against the 2014/15 work plan, review the Committee's terms of reference as agreed in September 2012, and approve the proposed work plan for 2015/16. The flow of the work programme for 2015/16 effectively replicated the timetable of the 2014/15 programme, and Members were advised accordingly of the various reports which would be received by the Committee over the annual cycle of the next four meetings.

The report made reference to a counter-fraud resource review carried out by ITS Consultants. The Chairman asked for clarification as to when the findings of this review would be made available to Members. The Financial Services Manager advised that the initial report had been received a couple of months ago and would be circulated to Members along with the agenda for the next meeting of the Committee on 17 September. The conclusions from this report would be used to develop a proposed solution to combatting corporate fraud in the Council.

RESOLVED: That:

1. The progress against the 2014/15 work plan be noted
2. Having reviewed its terms of reference, the Committee were satisfied that the audit functions of the Committee, as set out, were effectively discharged during 2014/15
3. The work plan for 2015/16 be approved

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Chairman

Date: