

Minutes of a meeting of the Audit Committee held on 21 September 2017 at Pippbrook, Dorking from 7.00pm to 8.48pm

Present: Councillors Paul Kennedy (Chairman), Simon Ling (Vice-Chairman), Tim Ashton, Paul Elderton, James Friend and Paul Newman.

11. Minutes

The Minutes of the Audit Committee meeting held on 29 June 2017 were approved as a correct record and signed by the Chairman.

12. Apologies for Absence

Apologies for absence were received from Councillor Lynne Brooks.

13. Disclosure of Interests

None declared.

Delayed Report

At this point, the Chairman sought explanation from the External Auditor, Grant Thornton, to the reasons for the delayed submission of their report (Appendix B). Grant Thornton, represented by Engagement Lead, Mr Iain Murray and Audit Manager, Mr Trevor Greenlee, explained that they had experienced problems with gathering and working through the high number of individual transactions which then caused delays as a result.

14. Statement of Accounts 2016/17 (Item 4)

The Committee received the report as set out on pages AC1 to AC107 of the agenda. Appendix B, which detailed the Findings of the External Auditor, was tabled at the meeting. The Committee was asked to approve the revised version of the 2016/17 Statement of Accounts and Annual Governance Statement as presented, to delegate responsibility to the s151 Officer to address any minor amendments before completion of the Audit, and to approve the letter of representation from the Council to Grant Thornton in relation to the 2016/17 Audit. Members were also asked to note the findings of the External Auditor as presented.

It was noted that the draft Statement of Accounts had been presented to the Committee on 29 June for review. A number of minor amendments and clarifications had subsequently been made in response to comments made by Members following publication of the previous agenda and matters raised by the External Auditor. These were outlined in a table presented to the Committee at the meeting by Project Consultant, Ms Janette Gill. It was explained that there were no major changes to the Accounts, however a summary of minor changes was detailed in a table presented to the Committee. Members made several observations and identified a number of presentational issues with some of the tables in the draft Statement of Accounts. Ms Gill was able to answer some of the queries at the meeting, and it was agreed to address any outstanding questions with the Financial Services Manager, Mr Phil Mitchell, and to consider any changes before the Statement was finalised.

The representatives from Grant Thornton presented their key findings, after first acknowledging and apologising for the late submission of their report for reasons explained above. Members' attention was drawn to page 7 of the Audit Findings report, and it was explained that their first finding, which noted that 'the Council was unable to provide a transaction analysis supporting the values of £2,302,000 for sundry debtors included in the financial statements as a sales ledger analysis report had not been run on 31 March 2017

had since been withdrawn. The second finding, which referred to interim control, was not a major concern.

It was explained that the report was largely positive, with only a modest number of findings identified which required further work. It was confirmed that these matters were being dealt with by Officers in a timely manner, and would be presented in a final version of the Statement of Accounts to be submitted and published in line with the statutory deadline of 30 September.

In light of the lateness of the submission of The Audit Findings report, some Members expressed concern over the Council's ability to meet future statutory deadlines for financial statements. Members were previously advised that, as of 2017/18, the statutory deadlines for audited financial statements were being brought forward, requiring production of draft accounts by 31 May 2018, and the securing of an audit opinion by 31 July 2018. Members sought reassurance that this would be achievable within existing resource levels. It was confirmed that discussions were already underway regarding how the new arrangements would be implemented, and Grant Thornton would be working closely with the Council during the coming months to identify and make appropriate preparation for achievement of the earlier deadlines. It was confirmed that the Committee would receive a report at the next scheduled meeting.

RESOLVED: The Committee

1. approved the revised version of the 2016/17 Statement of Accounts and Annual Governance Statement as presented at the meeting.
2. delegated responsibility to the S151 Officer to address any minor amendments required before completion of the Audit.
3. noted the draft report of the findings of the External Auditors for the year ended 31 March 2017.
4. approved the letter of representation in relation to the 2016/17 Audit Plan.

15. Internal Audit Progress Report 2017/18

The Committee received a report as set out on pages AC108 to AC134 of the agenda, which asked it to note the progress against the 2017/18 Audit Plan and for it to approve the proposed change to the timing and content of the programme.

It was advised that seven reports had been finalised since the previous report to the Audit Committee in June 2017. The Committee discussed the contents of each report and a number of questions were asked for clarification, especially in relation to Procurement and Planning and Development. Mr Cheetham, the RSM representative at the meeting, provided a response. Members thanked Mr Cheetham for providing, within the report, a short summary of each assignment as previously requested.

Members noted that there had been minor changes to the schedule of reviews to take account of operational pressures on management time at the Council. It was proposed that the audit of Property Maintenance be deferred to later in 2017/18 or early 2018/19 as the team has recently been subject to a related internal audit review. In its place, it was proposed to review Community Grants, which entails a review of the process of allocating and monitoring grants of the Voluntary, Community and Faith Sector (VCFS). Members noted that this was previously discussed by Standing Budget Panel and Audit Committee last year.

RESOLVED: The Committee

1. noted the progress against the 2017/18 Audit Plan.
2. approved the proposed change to the timing and content of the programme.

16. Treasury Management - Annual Report and Prudential Indicators 2016/17

The Committee received a report as set out on pages AC135 to AC151 of the agenda, which asked it to recommend to Council to note the Treasury Management Annual Outturn Report for 2016/17 and to approve the actual Prudential Indicators for 2016/17 as detailed in the Officer's report.

The Financial Services Manager went through the report and provided a summary of the updates to the Council's Prudential Indicators and treasury operations as contained in the Treasury Management Strategy for 2016/17. Members also noted that in conducting the treasury management activities of the Council there were no breaches of the agreed Strategy and the in-house team operated within the Prudential Indicators as contained in the 2016/17 Strategy.

RESOLVED: The Committee recommended to Council:

1. to note the Treasury Management Annual Outturn report for 2016/17.
2. to approve the actual Prudential Indicators reported for 2016/17, as detailed in the report.

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Date: Chairman