

CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD ON TUESDAY 5 DECEMBER 2017 AT 4:00 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK

PART 1

PRESENT:
Councillors

Bowater, J.	Stretton, Mrs. P.Z.
Dean, A.	Tait, Ms. L.
Dudson, A.	

Also Present:

Richard Percival, Engagement Lead, Grant Thornton (External Auditors);
Jim McLarnon, Engagement Manager, Grant Thornton (External Auditors).

18. Appointment of Chairman

Councillor A. Dudson was appointed as Chairman for the meeting.

19. Apologies

Apologies for absence were received from Councillors Mrs. D. Grice (Chairman) and J.P. Johnson (Vice-Chairman).

Apologies were also noted for the Head of Governance and Corporate Services.

20. Declaration of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

21. Minutes

RESOLVED:

That the Minutes of the meeting held on 19 September 2017, be approved as a correct record and signed.

22. Internal Audit Quarter 2 Report 2017/18

Consideration was given to the Report of the Chief Internal Auditor and Risk Manager (Item 4.1 – 4.9 of the Official Minutes of the Council).

The Chief Internal Auditor and Risk Manager advised Members that at the end of quarter two the number of completed audits was behind plan. Owing to a number of vacant posts within the Internal Audit team it was possible that the full year's plan may not be achieved. To mitigate the impact of the vacancies a specialist contractor had been appointed to help deliver some of the planned audits. It was intended to recruit to the vacant posts; however a number of options were being considered with regards to the structure of the team.

In respect of the follow-up audits completed in quarter 2 not enough progress had been made to revise the original assurance ratings, although work was ongoing to complete the agreed actions.

RESOLVED:

That the contents of the Internal Audit Report for Quarter 2, 2017/18, be noted.

23. Strategic Risk Register

Consideration was given to the Report of the Head of Governance and Corporate Services (Item 5.1 – 5.18 the Official Minutes of the Council) (*presented by the Chief Internal Auditor and Risk Manager*).

The Chief Internal Auditor and Risk Manager advised Members that as at 30 September 2017 the number of strategic risks remained unchanged, as did the rating for each risk. Risk 18, '*vulnerability of Cannock Chase Council's financial stability as a result of public expenditure reductions and changes to the Government's funding regime*', was still rated as a red risk owing to continued uncertainty and lack of clarity over the future impact of the New Homes Bonus and Business Rates Retention.

A Member queried if there had been any recent updates regarding the planned 100% retention of Business Rates funding. The Head of Finance replied that the Chancellor's Autumn Budget confirmed that 100% retention was still intended, but due to the proposed Local Government Finance Bill not featuring in the Government's legislative programme for 2017/18 and 2018/19 the position remained unclear. At this stage it was expected that any changes would now be implemented from 2020/21.

RESOLVED:

That the progress made in the identification and management of the strategic risks be noted.

24. Annual Governance Statement – Progress Report

Consideration was given to the Report of the Head of Governance and Corporate Services (Item 6.1 – 6.8 of the Official Minutes of the Council) (*presented by the Chief Internal Auditor and Risk Manager*).

The Chief Internal Auditor and Risk Manager advised Members that of the 8 significant governance issues identified in the Annual Governance Statement (AGS), progress on completion was as follows:

- Significant progress had been made on the delivery and completion of 1 issue;
- Some progress had been made on the delivery and completion of 6 issues;
- No action had yet been taken on 1 issue – ‘*Employees’ Code of Conduct and Embedding Values*’. It was expected that work on this issue would now not commence until 2018/19 due to other projects taking priority.

RESOLVED:

That the contents of the progress report on the Annual Governance Statement 2016/17 be noted.

25. Treasury Management Mid-Year Report 2017/18

Consideration was given to the Report of the Head of Finance (Item 7.1 – 7.13 of the Official Minutes of the Council).

The Head of Finance advised Members that the report provided an update on the Council’s treasury management activity and performance for the period 1 April to 30 September, 2017. The capital expenditure prudential indicators had increased since the budget approved in February 2017, primarily because of changes in the Housing Revenue Account and Housing General Fund, and the external debt/operational boundary prudential indicators had remained unchanged since the budget.

RESOLVED:

That the Report, treasury activity and prudential indicators for the first half of the 2017/18 financial year be noted.

26. Annual Audit Letter for Cannock Chase District Council 2016/17

Consideration was given to the Report of the External Auditors (Item 8.1 – 8.15 of the Official Minutes of the Council).

Richard Percival advised Members that the Letter summarised the key findings which had arisen from the work undertaken by the external auditors for the year ended 31 March 2017. In respect of certification work on the Council’s Housing Benefits subsidy claim, a number of errors had been identified which resulted in the work not being completed until 1 December 2017, a day after the set deadline. Discussions were already underway with Officers on how to make the process

smoother for future years to ensure deadlines would not be missed. Work was now taking place to prepare for the audit of 2017/18 accounts and it was expected that all relevant deadlines would be met.

RESOLVED:

That the Report of the External Auditors be noted.

27. Progress Report and Emerging Issues & Developments for Cannock Chase District Council

Consideration was given to the Report of the External Auditors (Item 9.1 –9.16 of the Official Minutes of the Council).

Jim McLarnon advised Members that the purpose of the Report was to provide an update on progress in delivering the responsibilities of the external auditors to the Council. In respect of work to certify the pooling of capital receipts the deadline for completion had been deferred until 31 December 2017, however required guidance had not yet been issued, therefore it was uncertain at this stage whether the revised deadline would be achievable. Work to undertake an interim accounts audit, final accounts audit and value for money conclusion were planned to take place between January and July 2018.

RESOLVED:

That the Report of the External Auditors be noted.

The meeting closed at 4:30 p.m.

CHAIRMAN