

CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD ON TUESDAY 26 MARCH 2019 AT 4:00 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK

PART 1

PRESENT:
Councillors

Grice, Mrs. D. (Chairman)
Crabtree, S.K. Stretton, Mrs. P.Z.
Johnson, J.P. Tait, Ms. L.

Also Present:

- Jim McLarnon, Audit Manager, Grant Thornton (External Auditors).

25. Apologies

None received.

26. 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.

27. Minutes

RESOLVED:

That the Minutes of the meeting held on 27 November 2018 be approved as a correct record and signed.

28. Internal Audit Quarter 3 Report 2018/19

Consideration was given to the Report of the Chief Internal Auditor & Risk Manager (Item 4.1 – 4.11 of the Official Minutes of the Council).

The Chief Internal Auditor & Risk Manager took Members' through the following aspects of the report and provided updates where necessary:

- Audit Plan progress (Appendix 1);
- Audits Completed in Quarter 3 (Appendix 2);
- Audits in Progress (Appendix 3);
- Audit Follow-ups Completed in Quarter 3 (Appendix 4);

In respect of those audits that were still outstanding, the Chief Internal Auditor advised that a view would be taken as to whether they should be carried over into the planned audit work for 2019/20.

RESOLVED:

That the Internal Audit Report for Quarter 3 of 2018/19 be noted.

29. Internal Audit Plan 2019/20

Consideration was given to the Report of the Chief Internal Auditor & Risk Manager (Item 5.1 – 5.19 of the Official Minutes of the Council).

The Chief Internal Auditor & Risk Manager advised Members that the planned number of audits for 2019/20, as detailed in report paragraph 4.7, was lower than previous years due to there being a staffing vacancy in the team. It was intended however to recruit an apprentice later in the year, whilst still using external support in the meantime. The report also set out the planned number of audit days for year, as well as the number of Cannock Chase specific and Shared Services specific audits that would be carried out (the detail of which was set out in Appendix 1).

The Chief Internal Auditor & Risk Manager further advised that the asset management audit for the Council, which was identified as a high risk area, would not be audited until after the Corporate Assets Manager post had been recruited to and the post-holder had had the opportunity to commence work on refreshing the Asset Management Strategy and Plan. On that basis it would be intended to complete the audit in 2020/21 instead. The Head of Governance and Corporate Services further replied that the Asset Management Plan had been included in the relevant Priority Delivery Plan for completion during 2019/20, thereby allowing the staff within the Corporate Assets Team to focus on the necessary day-to-day work. Following a question from a Member, the External Auditor advised that the Asset Management Plan did not impact upon their auditing of the Financial Statements, but it was recognised that the Plan carried a high operational risk for the Council.

RESOLVED:

That the Audit Plan for 2019/20 be approved.

30. Independent Members on Audit Committees

The Head of Governance and Corporate Services advised that following a query raised at the previous meeting about Independent Members serving on the Committee, comparator information had been collated for a number of other local authorities detailing whether or not each council had such members appointed (Item 6.1 – 6.2 of the Official Minutes of the Council). If the Committee was minded to include an Independent Member in its membership, it was recommended that such an individual should have a finance/audit skill set, preferably with public sector experience.

Members were of the view that the current structure of the Committee worked well, therefore the appointment of an Independent Member was not necessary at this time.

31. Cannock Chase District Council Certification Letter 2017/18

Consideration was given to the Letter of the External Auditors (Item 7.1 – 7.3 of the Official Minutes of the Council).

The External Auditor advised that the letter was the last stage in the certification process for the Housing Benefit subsidy claim for the 2017/18 financial year. The values of extrapolated overpayments identified as part of the certification work (detailed on page 2 of the letter) were insignificant when compared to the total value of the overall subsidy claim. The letter also set out the reasons why the final fee charged for the certification work was £3,676 higher than the original indicative fee for 2017/18.

RESOLVED:

That the Letter of the External Auditors be noted.

32. External Audit Plan 2018/19

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

The External Auditor advised that the report set out the key areas of audit work for the 2018/19 financial year, these being:

- Significant risks and the responses to those risks (detailed on report pages 5 to 7);
- Materiality – the figure detailed in the report would be reviewed following receipt of the draft accounts for 2018/19. The percentage figure quoted was the same as for 2017/18;
- Value for Money arrangements – one key risk of ‘delivery of financial plans and future sustainability’ had been identified in the report. The Council had a good track record of delivering financial plans, however the risk was still in place due to ongoing uncertainties about future local government funding, and the Council’ reliance on delivery of the Mill Green designer outlet in Cannock;
- Audit logistics – the proposed fee for audit work during 2018/19 was expected to be £40,124, which was approximately £12,000 less than for 2017/18. This was an approximate 23% reduction;
- Independence – the report confirmed that the External Auditors operated independently, and as such, were able to express an objective opinion on the Council’s financial statements.

In response to a query from a Member, the External Auditor advised that the audit fee for the Housing Benefit subsidy claim was separate from the audit fee detailed in the 2018/19 audit plan, as the fee for the subsidy claim was negotiated and agreed directly between the Council and the External Auditors. Page 12 of the report set out the additional work undertaken by the External Auditors that was separate from the areas covered in the audit plan.

RESOLVED:

That the Report of the External Auditors be noted.

33. Audit Progress Report and Sector Update

Report of the External Auditors (Item 9.1 – 9.15 of the Official Minutes of the Council).

The External Auditor advised that the report set out progress as at February 2019 on work undertaken in relation to: the Financial Statements audit; Value for Money; other areas; and the audit deliverables identified for 2018/19 (for which a number of actions had already been completed). The report also set out for Members' information sector updates in respect of: Grant Thornton publications; insights from local government sector specialists; reports of interest; and accounting and regulatory updates.

RESOLVED:

That the Report of the External Auditors be noted.

The meeting closed at 4:38 p.m.

CHAIRMAN