

Audit Committee

Meeting held 17 July 2014

**PRESENT:** Councillors Ray Satur (Chair), John Campbell and Joe Otten.

Co-opted Independent Members

Liz Stanley.

Officers in attendance

John Mothersole (Chief Executive)

Eugene Walker (Interim Executive Director, Resources)

Laura Pattman (Assistant Director of Finance, Business Partnering and Internal Audit)

Allan Rainford (Deputy Director of Finance)

Kayleigh Inman (Senior Finance Manager, Internal Audit)

Andy Eckford (Interim Director of Finance)

David Phillips (Senior Manager KPMG)

Gillian Duckworth (Interim Director of Legal and Governance)

Dave Ross (Principal Committee Secretary)

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**1. APOLOGIES FOR ABSENCE**

1.1 Apologies for absence were received from Rick Plews and Councillors Rob Frost, Helen Mirfin-Boukouris and Sioned-Mair Richards.

**2. EXCLUSION OF PUBLIC AND PRESS**

2.1 No items were identified where resolutions may be moved to exclude the press and public from the meeting.

**3. DECLARATIONS OF INTEREST**

3.1 Councillor John Campbell declared a personal interest in the item on Pensions Data Follow-up Report as a member of the South Yorkshire Pensions Authority.

**4. MINUTES OF PREVIOUS MEETINGS**

**4.1 10 APRIL 2014**

4.1.1 The minutes of the meeting of the Committee held on 10 April 2014 were approved as a correct record and it was noted that a training session was being arranged on risk management.

**4.2 4 JUNE 2014**

4.2.1 The minutes of the meeting of the Committee held on 4 June 2014 were approved as a correct record.

### **4.3 3 JULY 2014**

- 4.3.1 The minutes of the meeting of the Committee held on 3 July 2014 were approved as a correct record.

#### Matter Arising

- 4.3.2 As requested at the last meeting of the Committee, the Assistant Director of Finance (Business Partnering and Internal Audit) provided information updating members on questions raised relating the Adult Social Care Management Review. This covered the ongoing costs of Home Choice and Self Directed Support, the budget position and financial control and responsibility.
- 4.3.3 **Resolved:** That the Committee notes this information and that the Assistant Director of Finance (Business Partnering and Internal Audit) would be providing a further update to the next meeting of the Committee in respect of the ongoing costs of Self Directed Support.

### **5. ANNUAL GOVERNANCE STATEMENT 2013/14**

- 5.1 The Interim Director of Legal and Governance submitted a report containing the Annual Governance Statement (AGS) for the financial year 2013/14 that formed part of the Statutory Accounts. The AGS provided details of the Council's governance framework and internal control environment. The Interim Director referred to the three significant control weaknesses that had been identified during the AGS process, relating to Adult Social Care and Supporting Services, Capital Project Management and Consistency of Corporate Issues, and the officer actions to address those weaknesses.
- 5.2 Officers responded to questions from members of the Committee. The Assistant Director of Finance (Business Partnering and Internal Audit) indicated that Internal Audit were able to provide assurance that there were no other significant control weaknesses at the time of completing the AGS and the three control weakness identified in the report were included in Internal Audit's Plan for 2014/15.
- 5.3 The Senior Finance Manager commented that, in respect of the two recently issued audit reports with a high opinion relating to schools, particularly the issues relating to payroll and access to records, there would be follow up work to seek assurance that the agreed actions had been implemented. The Interim Executive Director, Resources added that the payroll administration was the responsibility of the individual school.
- 5.4 **Resolved:** That the Committee:-
- (a) notes the contents of the Annual Governance Statement 2013/14 that forms part of the Annual Accounts and that it has been signed by the Leader, Chief Executive and Executive Director of Resources; and
  - (b) requests the Interim Director of Legal and Governance to consider including reference to compliance with the Public Sector Internal Audit Standards in next year's Statement.

## **6. SUMMARY OF THE 2013/14 STATEMENT OF ACCOUNTS**

- 6.1 The Deputy Director of Finance introduced a report of the Interim Executive Director, Resources that provided a summary of the 2013/14 Statement of Accounts and explained the core statements and a number of the key notes to the accounts. He referred to the difference in the way the Council was required to account for capital and pension costs and the effect this had on surplus on the Comprehensive Income and Expenditure Statement. The full Statement of Accounts and audit opinion would be submitted to the meeting of the Committee on 25 September 2014.
- 6.2 Officers responded to questions from members of the Committee relating to the surplus on the Housing Revenue Account and the Cash Flow Statement.
- 6.3 **Resolved:** That the Committee notes the core statements and the key notes to the Statement of Accounts for 2013/14.

## **7. PROGRESS ON HIGH OPINION AUDIT REPORTS**

- 7.1 The Senior Finance Manager introduced a report of the Assistant Director of Finance (Business Partnering and Internal Audit) on progress made against recommendations in audit reports that have been given a high opinion.
- 7.2 **Resolved:** That the Committee:-
- (a) notes the contents of the report;
  - (b) approves the removal of the audit of Self Directed Support from the action tracker; and
  - (c) requests the Head of Capital Delivery Service to submit an overarching report to the Committee outlining the revised approach for capital delivery and reporting.

## **8. ANNUAL AUDIT FEE LETTER 2014/15**

- 8.1 Further to the information reported at the meeting of the Committee on 10 April 2014, the Senior Manager KPMG submitted the Annual Audit Fee Letter for 2014/15 that confirmed the audit work and fee that KPMG proposed to undertake for the Council in 2014/15 and this was based on the risk-based approach to audit planning, as set out in the Code of Audit Practice and work mandated by the Audit Commission.
- 8.2 **Resolved:** That the Committee notes the Annual Audit Fee Letter for 2014/15.

## **9. PENSIONS DATA FOLLOW UP REPORT**

9.1 At the request of the Committee at its meeting on 10 April 2014, the Senior Manager KPMG submitted a report providing an update on whether the issues identified in the External Auditor's report considered by the Committee in December 2010 on the results of a review of data flows between the Council and South Yorkshire Pensions Authority, had been addressed. The report concluded that some progress had been made since 2010 and officers were optimistic that progress had been made in addressing the underlying issue. However, this remained an area where improvements were required.

9.2 In response to questions from a member of the Committee, the Interim Executive Director, Resources indicated that this was would continue to be an area of focus for the Council and the Pensions Authority and the backlog would be cleared. The Chief Executive confirmed the position reported previously that this issue had not disadvantaged employees and it had not affected their pension entitlement.

9.3 **Resolved:** That the Committee:-

- (a) notes the report and that continuing action is being taken by the Council and South Yorkshire Pensions Authority to address the issues in respect of data flows and that further action will be taken if performance does not improve; and
- (b) continues to monitor the performance on this issue.

## **10. WORK PROGRAMME**

10.1 The Interim Director of Legal and Governance submitted a report containing a work programme for the Committee for 2014/15.

10.2 **Resolved:** That the Committee:-

- (a) approves the work programme for 2014/15 with the addition of an item on a Revised Approach for Capital Delivery and Reporting; and
- (b) notes that training sessions were being arranged for members of the Committee on the Statement of Accounts and Risk Management.

## **11. DATES OF FUTURE MEETINGS**

11.1 It was noted that meetings of the Committee would be held on the following dates at 6.00 p.m.:-

- 25 September 2014
- 13 November 2014
- 11 December 2014
- 8 January 2015
- 12 February 2015
- 12 March 2015
- 9 April 2015