

Minutes of the Audit Committee Meeting held on 12 November 2015 at 10:00 am in the Elisabeth Room, Endeavour House, Ipswich.

Present: Councillors Michael Bond (Chairman), Jenny Antill (Vice-Chairman), David Busby, Peter Byatt, Guy McGregor, Bert Poole and Chris Punt.

Supporting officers present: Louise Aynsley, Chief Accountant (Strategy and Accounts)
Sarah Collins, Specialist Accountant
Tim Earl, Head of Legal Services (for Minute No. 26 below)
Peter Frost, Head of Audit Services
Richard Hart, Principal Auditor
Tina Meyer, Ernst & Young
Linda Pattle, Democratic Services Officer
Tim Ryder, Monitoring Officer (for Minute No. 28 below)

19. Public Participation Session

There were no applications to speak in the Public Participation Session.

20. Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Peter Bellfield, substituted by Councillor Guy McGregor, and from Councillor Len Jacklin, substituted by Councillor Peter Byatt.

21. Declarations of Interest and Dispensations

Councillor Jenny Antill declared a local non-pecuniary interest with regard to Agenda Item 9, Annual Report of the Audit, as she is a Non-Executive Director of Suffolk Group Holdings Ltd, and a councillor representative on the Council's Shareholder Group for Wholly Owned Companies.

22. Minutes of the Previous Meeting

The minutes of the meeting held on 25 September 2015 were confirmed as a correct record and signed by the Chairman, subject to the substitution of the word "amendments" for the word "corrections" in the of the second sentence of the third paragraph of the reason for the decision in Minute No. 14.

23. Annual Audit Letter for the year ended 31 March 2015

At Agenda Item 5 the Committee received the Annual Audit Letter from the external auditor. Mrs Tina Meyer introduced the letter. In doing so, she drew attention to a revised copy of the Audit Letter which was circulated to the members at the meeting. In the revised letter the word "amended" had been substituted for the word "corrected" in the last sentence of the first paragraph under Financial Statements in Section 2.1.

Decision: The Committee agreed to receive the revised Annual Audit Letter for 2014/15.

Reason for Decision: The Committee was satisfied with the content of the revised letter.

The Committee recognised that accounting for the Waste PFI was a complex issue and was pleased to note that arrangements were being made for members to receive training on the subject.

Members were aware that from 1 April 2016 there would be a national requirement to account for Highways Network Asset under Depreciated Replacement Cost from the existing Depreciated Historic Cost. This would be a material change of accounting policy for the Council, and would also require changes to existing asset management systems and valuation procedures.

The Committee also noted that the external auditor had drawn attention to the fact that the challenging financial position faced by the health sector represented a risk to achieving a successful outcome with regard to the Better Care Fund. The Committee agreed to keep this matter under review.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

24. Treasury Management Mid-Year Report

At Agenda Item 6 the Committee considered a report setting out details about the treasury management activities to 30 September 2015 in relation to the Council's strategies for borrowing and investments, and about compliance with the Prudential Indicators which had been approved by the Council on 12 February 2015.

Decision: The Committee confirmed that it considered the arrangements in place for treasury management to be effective.

Reason for decision: The Committee, within its Terms of Reference, had responsibility for ensuring that effective treasury management control procedures were operating within the Council.

Whilst it was satisfied with the Treasury Management arrangements in place, the Committee requested further information on 'Fixed Term Deposits: Other Banking Institutions: Investment Activity 2015/16' (last line of Table 4 in the report at Agenda Item 6). It was agreed that information would be circulated to the Committee about the banking institutions with which the Council had deposited funds in 2015-16.

Members were aware that decisions about borrowing were often made on the basis of business cases put to the Cabinet. The Committee questioned whether sufficient importance was attached to looking back to ensure that decisions to borrow money for particular projects had proved justified. Members also questioned whether the officers who prepared businesses cases had received appropriate training. The Committee agreed to add this topic to its Forward Work Programme.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

25. Audit Services – Progress Report

At Agenda Item 7 the Committee considered a summary of the activities carried out by Audit Services between 1 July and 30 September 2015.

Decision: The Committee agreed that it was satisfied with the work and activities of the internal audit service, with a view to the Head of Audit Services being able to provide a year-end opinion on the overall control environment of the County Council, in accordance with the Public Sector Internal Audit Standards.

Reason for decision: Members were aware that the Committee's terms of reference included responsibility for approving and monitoring delivery of the internal audit activity of the Council. They considered that the report and appendices at Agenda Item 7 provided evidence of satisfactory arrangements.

Members noted that a recent survey had revealed that some budget managers who had delegated budget management responsibility to members of their staff did not subsequently review the work or communicate with the individuals to whom they had delegated the work. The Head of Internal Audit acknowledged that some managers had a number of potentially very large budgets to manage. He confirmed, however, that his team had emphasised to these managers that they were required to monitor the delegated work.

The Committee noted that two members of the Internal Audit team would be leaving the Council. The Head of Internal Audit confirmed that he was seeking to fill the vacancies.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

26. Legal Services

At Agenda Item 8 the Committee considered a report providing information on the development and operation of Legal Services

Decision: The Committee agreed that it was satisfied with the arrangements in place for the provision of legal services to the Council.

Reason for decision: The Committee considered that the report and appendix provided evidence that the arrangements for legal support were such that the Council was obtaining both quality and value for money from the current (and proposed) service provision.

Members were pleased to note the findings of a client survey which had shown that over 96% were satisfied overall with the service and 100% felt legal services both understood client's objectives and applied the appropriate skills and experience. The Head of Legal Services confirmed that the survey had canvassed the opinions of actual users of the service, as well as senior managers.

The Chairman expressed his appreciation of the high quality of the report.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

27. Annual Report of the Audit Committee

At Agenda Item 9 members considered the draft Annual Report of the Committee.

Decision: The Committee agreed that the report:

- i) provided the Council with a fair summary of the work of the Audit Committee; and
- ii) should be submitted to the County Council at its meeting on 10 December 2015.

Reason for Decision: The Committee was expected to report annually to the County Council. Members heard that in his oral presentation to the Council, the Chairman intended to emphasise the importance of maintaining high standards of conduct throughout the Council.

Alternative options: None considered.

Declarations of interest: Councillor Jenny Antill declared a local non-pecuniary interests in this Agenda Item, as set out in Minute No. 21 above.

Dispensations: None noted.

28. Information Bulletin

The Committee received an Information Bulletin at Agenda Item 10, updating members about matters relating to the Members' Code of Conduct.

29. Forward Work Programme

The Committee approved the Forward Work Programme at Agenda Item 11. It was agreed that the Chairman and Vice-Chairman would consider whether it would be appropriate to add items to the Forward Work Programme relating to:

- a) the future accounting for Highways Network Asset;
- b) the Better Care Fund; and
- c) arrangements for training staff to prepare business cases and retrospective consideration of whether business cases had proved justified.

30. Urgent Business

There was no urgent business.

The meeting closed at 11:48 am.

Chairman