

Minutes of the Audit Committee Meeting held on 16 March 2016 at 10:00 am in the Elisabeth Room, Endeavour House, Ipswich.

Present: Councillors Michael Bond (Chairman), Jenny Antill (Vice-Chairman), David Busby, Len Jacklin, Bert Poole and Chris Punt.

Supporting officers present: Liz Cook, HR Business Partner, Resource Management
Geoff Dobson, Director of Resource Management
Peter Frost, Head of Audit Services
Richard Hart, Principal Auditor
Tina Meyer, Ernst & Young
Linda Pattle, Democratic Services Officer

On behalf of the Committee the Chairman expressed shock and deep regret at the recent death of Mr Rob Murray, Ernst & Young's Audit Director for the County Council. Mrs Meyer thanked the Committee for their condolences and undertook to pass them on to her colleagues. She informed the Committee that since the report at Agenda Item 5 had been prepared, Mr Mark Hodgson had been appointed as the Council's new Audit Director.

42. Public Participation Session

There were no requests to speak in the public participation session.

43. Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Peter Bellfield.

44. Declarations of Interest and Dispensations

Councillor Jenny Antill declared a Local Non-Pecuniary Interest in Agenda Item 5, Ernst & Young 2015/16 Audit Plan, 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.

45. Minutes of the Previous Meeting

The Minutes of the meeting held on 28 January 2016 were confirmed as a correct record and signed by the Chairman, subject to the substitution of the word "revenue" for the word "capital" in the last sentence of the third paragraph under "Reason for Decision" in Minute No. 39.

46. Ernst and Young 2015/16 Audit Plan

At Agenda Item 5, the Committee considered the 2015/16 Audit Plan, which set out how the external auditors intended to carry out their responsibilities in relation to the 2015/16 audit of Suffolk County Council and Suffolk County Council Pension Fund. The report was presented by Tina Meyer, External Auditor, Ernst and Young.

Decision: The Committee agreed:

- a) To receive the Ernst and Young 2015/16 Audit Plan as set out at Agenda Item 5.
- b) To ask officers to prepare a briefing paper on the financial consequences for the Council of the Government's recent announcement that all schools would become academies.
- c) To ask officers to prepare a briefing paper on the Better Care Fund.

Reason for Decision:

The Committee was satisfied with Ernst & Young's audit plan.

It was unclear to members how schools which became academies with existing debts or deficits due to the Council were treated. The Committee was also aware that a budget shortfall of £2.6 million was expected as a result of the inability of health partners to achieve all the savings agreed in the 2015/16 Better Care Fund Plan for Suffolk. The Committee was disquieted by these two subjects and wished to receive briefing papers to assist members in further consideration and debate.

Alternative options: None considered.

Declarations of interest: Councillor Jenny Antill declared a Local Non-Pecuniary Interest in this Agenda Item, as set out in Minute No. 45 above.

Dispensations: None reported.

47. Audit Services – 2016/17 Internal Audit Plan

At Agenda Item 6 the Committee considered a report setting out the process by which officers planned to establish risk-based plans to determine the priorities of the internal audit activity in 2016/17, consistent with the Council's goals.

Decision: The Committee agreed:

- a) To approve the Council's 2016/17 Internal Audit planning approach as set out in the report at Agenda Item 6.
- b) To ask officers to prepare a paper for the Committee, setting out the merits and demerits of engaging a further internal audit staff member for the purpose of fraud research and investigation. This paper to be discussed with the Cabinet Member for Finance before being submitted to the Committee.

Reason for decision:

Members were aware that the Committee had a clear role in relation to oversight of the Council's internal audit function, and that it should seek to make best use of the internal audit resource within the assurance framework. The Committee was satisfied that the planning approach took into account the requirement to produce an annual internal audit opinion that could be used to inform the Annual Governance Statement.

The Committee was unsettled by the apparent reluctance to put into effect its earlier recommendation that a further person be recruited to conduct fraud

research and investigation work. Members considered that it was within their remit to discuss staffing arrangements in Internal Audit Services, whilst recognising that the views of the Cabinet Member for Finance should be taken into account and that in this area responsibility for staffing levels lay ultimately with the Director of Resource Management.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

48. Information Bulletin

The Committee received an Information Bulletin at Agenda Item 7.

49. Audit Services – Progress Report

At Agenda Item 8 the Committee considered a report setting out a summary of the activities carried out by Audit Services between 1 October 2015 and 19 February 2016.

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 8 provided evidence of satisfactory arrangements.

Members noted that there remained a lack of awareness among schools about the need to comply with HMRC requirements for the evaluation of self-employment by suppliers and contractors. They heard that the Council had provided schools with guidance on this subject in a number of different ways.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

50. Forward Work Programme

The Committee approved the Forward Work Programme at Agenda Item 9.

The Director of Resource Management was asked to provide Councillor Jacklin with an explanation as to: how the funds set aside in 2013 for a cycle bridge in

Lowestoft had been spent; whether there remained any unspent funding; and whether or not spending on the bridge had been ring-fenced.

51. Urgent Business

There was no urgent business.

The meeting closed at 11:03 am.

Chairman