

Time Commenced: 5.05pm  
Time Finished: 9.35pm

**AUDIT AND ACCOUNTS COMMITTEE**  
**30 November 2016**

**Present:** Councillor Hezelgrave (Chair)  
Councillors Ashburner, Harwood, Roulstone, Smale, Turner and West

In attendance  
Councillor Shanker – Cabinet Member for Regulatory Services  
Councillor Poulter – Deputy Leader of the Conservative Group  
Philip Sunderland - Observer  
Helen Henshaw and Steve Clark – Ernst Young  
Paul Robinson – Chief Executive  
Janie Berry – Director of Governance and Monitoring Officer  
Richard Boneham – Head of Governance and Assurance  
Martyn Marples – Director of Finance  
Linda Spiby – Acting Head of Procurement

**31/16 Apologies for Absence**

An apology for absence was received from Councillor S Khan.

**32/16 Late Items**

There were no late items.

The Director of Governance reported that a housekeeping / training day was being arranged for Members of the Committee with officers and the external auditors with a view to it being held in January 2017.

**33/16 Declarations of Interest**

There were no declarations of interest.

**34/16 Minutes**

The minutes of the meeting held on 28 September 2016 were agreed as a correct record. Minute no 21/16, it was noted that this would now be considered at the March 2017 meeting of the Committee. Minute 23/16 – Members of the Committee requested the number of full time equivalent staff covered by agency staff for the current financial year. Minute 28/16 – it was noted that the request for the external auditors to identify the asset lives they felt had not been adequately reassessed on a yearly basis would be available once the external audit was complete.

## 35/16 Central Midland Audit Partnership Board Update

The Chair reported that the Central Midland Audit Partnership Board had set a schedule of meetings for 2017. The Partnership Board had agreed to have an external assessment of the internal audit function jointly to ensure that they met the public sector internal audit standards. It was hoped that this could be completed by June 2017.

## 36/16 Feedback from PWC Local Government Audit Committee Forum

Members of the Committee who had attended the PWC Local Government Audit Committee Forum fed back on the usefulness of the forum. It was noted that the slides from the session had been sent to the Head of Governance and Assurance and these would be circulated to Members. Members of the Committee asked about services the public perceived the Council were responsible for and where the liability would sit if things went wrong.

### Resolved

- 1 To note the report.**
- 2 To ask the Director of Finance to establish where liability lay with services the public perceived were the Council's responsibility.**

## 37/16 Reporting on Waivers

The Committee considered a report which set out details of 8 waivers during the period 5 September and 8 November 2016.  
Broken down by directorate we had

Directorate	Number of Waivers	Classification	
		Unavoidable	Avoidable
Communities & Place	4	0	4
People Services	2	0	2
Organisation & Governance	2	0	2
<b>Total Number of Waivers</b>	<b>8</b>	<b>0</b>	<b>8</b>

Of these waivers:

None were unavoidable.

2 were avoidable but they were each valued at less than £10,000 and were put in place to allow continuity of service.

6 were avoidable if measures such as better planning had taken place.

Members of the Committee expressed concern about the use of Urgent Leader of the

Council Cabinet Member meetings.

Members of the Committee asked about the waiver on 'make more music in Derby instrument purchases' and whether all children had the same opportunities to have a musical instrument.

**Resolved**

- 1. To note the report.**
- 2. To ask the Strategic Director of People to inform the Committee about the access to musical instruments by children in the city.**

**38/16 Statement of Accounts 2015/16 – November Progress Report**

The Committee considered a report which updated the Committee on the progress of the 2015/16 Statement of Accounts.

External Audit – Ernst & Young (EY) – was still in the progress of completing their audit.

Work to present asset valuations for testing was programmed for 1 December 2016. A testing process would follow and was planned for completion in January 2017.

A timetable had been drafted for completion of the 2015/16 accounts, including presentation for approval by the Audit and Accounts Committee in March 2017, although this was subject to available EY resources to complete valuation testing.

A detailed action plan had been drawn up, following the September progress report, in order to address issues for completing the 2015/16 accounts and to progress 2016/17 accounts preparation. In addition, an Assurance Review Group had been set up, which was in the progress of identifying measures to present the Council as 'audit ready' for future statements. These assurances would be implemented across all relevant services that input into the statement.

The Director of Finance met with the Chair of the Committee on a fortnightly basis to appraise him of progress and hold a weekly meeting with the valuations team, in conjunction with the Strategic Director for Communities and Place.

Members of the Committee asked if they could have information on the key milestones which needed to be met to achieve the deadline to approve the Statement of Accounts 2015/16.

**Resolved**

- 1. To note the progress on the Statement of Accounts 2015/16.**

- 2. To ask the Director of Finance to provide Members of the Committee with the key milestones to achieve the deadline for approving the Statement of Accounts 2015/16.**

**39/16          External Audit Progress Update Report for the year ended  
31 March 2016**

The Committee considered a report from Ernst Young – External Auditors – on the progress of the external audit 2015/16.

At the discretion of the Chair, Councillor Poulter raised a number of issues that were addressed by officers.

Members of the Committee felt that it would be appropriate to arrange additional meetings of the Committee in January / February 2017 to keep the Committee up to date on progress made with the external audit and the progress of the statement of accounts.

**Resolved**

- 1. To note the report.**
- 2. To arrange additional meetings of the Committee as appropriate to consider the progress of the external audit and the statement of accounts.**

**40/16          Update on the Interim Annual Governance Statement**

The Committee considered a report which stated that following on from the Interim Annual Governance Statement, work had continued to progress action against the 12 recommendations contained within the Report in the Public Interest published in June 2016, as outlined in the Administration's Action Plan and the other governance framework actions highlighted by the Governance Working Group.

A review meeting had now taken place with Ernst and Young to formally review the progress against the recommendations in the Report in the Public Interest in accordance with the Audit Commission Act 1998. As a result, Ernst and Young had confirmed that it was happy for the Council to continue progressing the Administration's Action Plan and the governance framework objectives.

The Governance Board, chaired by Councillor Shanker, Cabinet Member with responsibility for Governance oversees the working of the Governance Working Group.

**Resolved**

- 1. To note the contents of this Update to the Interim Annual Governance**

## **Statement.**

- 2. To note that a further updated Annual Governance Statement would be presented to the Audit and Accounts Committee in conjunction with the finalised Statement of Accounts for 2015/2016.**

### **41/16 Strategic Risk Register**

The Committee considered a report which stated that the Council's Strategic Risk Register was reviewed on a monthly basis by the Chief Officer Group and submitted to Audit and Accounts Committee for review and challenge.

The Risk Register was a key component of the Council's risk management strategy and was designed to identify any forthcoming key risks and the actions needed to mitigate and control them.

Members of the Committee requested that the Director of Digital Services be asked to come to the next meeting to explain how the Council manages the risk of a prolonged cyber attack.

Members of the Committee also suggested that the Strategic Risk Register be reviewed by the Corporate Scrutiny and Governance Board as well.

## **Resolved**

- 1. To note the report.**
- 2. To request the Director of Digital Services attend the next meeting to explain how the Council manages the risk of a prolonged cyber attack.**
- 3. To request that the Corporate Scrutiny and Governance Board also review the Strategic Risk Register.**

### **42/16 Governance Update**

The Committee considered a report which provided Members of the Committee with an update on governance issues covered by the Council's Governance and Assurance section.

Members of the Committee asked if the appendix could in future include comparison figures for previous years.

## **Resolved**

- 1. To note the report.**

**2. To include comparison figures for previous years in future reports.**

**43/16 Internal Audit Update**

The Committee considered the Internal Audit progress report covering the period September to November 2016.

Members of the Committee requested

- A list of the 8 planned but not allocated audits.
- An explanation of how the risk and assurance ratings were calculated.
- The reason for the revised date for the VOIP audit recommendations implementation date being 2 years later than first expected.
- That if the VOIP revised date was not complied with, to call in the relevant officers to explain to the Committee why the date had not been complied with.
- to establish if the Adult Learning implementation date had been met.
- In respect of the Markets audit to call officers to attend the next meeting of the Committee to explain the delay in implementing the actions.

**Resolved**

- 1. To note the report.**
- 2. To provide a list of the 8 planned but not allocated audits.**
- 3. To provide the Committee with an explanation of how risk and assurances ratings were calculated.**
- 4. To inform the Committee of the reason for the revised date for the VOIP audit recommendations being 2 years later than first expected.**
- 5. If the revised date for the VOIP Audit recommendations implementation is not met to call the relevant officers to the Committee to explain why.**
- 6. To establish if the Adult Learning Audit implementation date had been complied with.**
- 7. To call officers to attend the next meeting of the Committee to explain the delay in implementing the recommendations in relation to the Markets audit.**

During the above item, as the meeting had been underway for 4 hours and in accordance with CP10 of the Constitution, a majority of members present agreed to continue the meeting to enable the business to be completed.

**44/16 Central Midland Audit Partnership – Internal Audit Charter**

The Committee considered the Central Midlands Audit Partnership Internal Audit Charter. Members of the Committee suggested that the independent expert who was being brought in to review internal audit to review the Charter prior to the Committee endorsing it.

#### **Resolved**

- 1. To note the Central Midlands Audit Partnership Internal Audit Charter.**
- 2. To request the independent expert who would be reviewing internal audit to review the charter prior to the Committee endorsing it.**

#### **45/16      Public Sector Audit Appointments Limited**

The Committee considered a report which stated that under the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015, the Council had the option in respect of future appointment of its external auditor for the audit year from 1 April 2018.

Public Sector Audit Appointments Limited (hereafter referred to as the PSAA) was a not for profit company established by the Local Government Association. PSAA was currently supporting audits appointed by the Audit Commission and going forward would act as the appointing person for auditors for principal government bodies, such as the Council, utilising a national appointments arrangements. However in order to benefit from this appointment process, the Council must submit a signed acceptance to PSAA by 9 March 2017.

It was a statutory requirement that the acceptance for PSAA to act was taken by Council.

Auditor appointments for the audit of accounts 2018/2019 financial year must be confirmed by 31 December 2017.

**Resolved to recommend to Council that the Council becomes an opt-in local authority for Public Sector Audit Appointments Limited to make all arrangements for the appointment of its external auditor from 1 April 2018, for a compulsory appointment time period of 5 financial years.**

#### **46/16      Exclusion of the Press and Public**

To consider a resolution to exclude the press and public during consideration of the following item

“that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following item on the grounds that it

involved the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”.

## 47/16      Audit Investigation

The Committee considered a report setting out details of an investigation which had significant and critical risk ratings.

Members of the Committee requested that the implementation dates for actions to be completed be brought forward and that the Strategic Director of People be asked to attend the next meeting to update the Committee on the progress of implementing the actions required.

### **Resolved**

- 1. To note the report.**
- 2. To request the Strategic Director of People to attend the next meeting to update the Committee on the progress of implementing actions required.**

Minutes End