

AUDIT COMMITTEE

Date and Time: 23 October 2018 at 7pm

Place: Committee Room 1, Civic Offices, Fleet

Present:

COUNCILLORS

Axam (Chairman)

Blewett, Burchfield, Harward, Kennett, Makepeace-Browne

In attendance: Justine Thorpe – Ernst & Young

Officers:

Andrew Vallance	Head of Corporate Services and Section 151 Officer
Neil Carpenter	Audit Manager

12 MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 29 May 2018 were confirmed and signed as a correct record.

13 APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Crookes and Andrew Brittain (Ernst & Young).

14 CHAIRMANS ANNOUNCEMENTS

None.

15 DECLARATIONS OF INTEREST

None.

16 URGENT MEETING – MONDAY, 30 JULY 2018

Members considered the notes from the urgent meeting held on the 30 July 2018.

DECISION

The record of the meeting was noted.

17 INTERNAL AUDIT PROGRESS REPORT 2018/19 Q3

Members were updated on the Internal Audit work completed between May 2018 and October 2018.

Food Hygiene Inspections

The Audit Manager reported concerns over the timeliness of re-visits, required to check on progress on any recommendations made following the initial inspections. This meant that there was a risk that agreed improvements to food premises may not be carried out in a timely manner.

The Committee requested that the Head of Service ensured this issue was on the Operational Risk Register for Regulatory Services.

The Committee also highlighted the need for the issue to be resolved prior to any discussions on commercialism beginning.

The Audit Manager confirmed that an action plan had been agreed with the Environmental Health Team Leader to address the issue, the target date for completion being the end of October 2018.

Waste Procurement

No issues were raised.

Fraud Risk Assessment

Whilst the internal controls in place to prevent and detect fraud operated as expected, the Audit Manager highlighted the actions that needed to be carried out to further improve the control framework.

The Committee noted the absence of a Fraud Strategy. It was agreed that a strategy would be reported to the Committee for approval in March 2019.

The Committee also felt it would be worthwhile including an article in Hart News to promote the Council's anti-fraud stance.

Procurement

The Committee asked for confirmation on the value of payments where dual sign off was required. The Audit Manager agreed to respond via email.

The Committee noted the need to review both Contract Standing Orders and Financial Regulations, which was discussed with the Head of Corporate Services. It was agreed that a more realistic target date for this to be completed by was July 2019.

It was agreed that the Audit Manager would follow up the 3 recommendations made in the Procurement Review that had a target date for action as immediate. The recommendations were:

1. Where exceptions to Contract Standing Orders are applied to procurement, managers are reminded that they still need to obtain assurance that VFM is obtained.
2. Retain information that supports the decision making process for 3 years on all procurement over £5K. Scanned versions of quotes received would be sufficient.
3. Ensure at least 3 quotes are sought for all procurement over £5K, any exception needs to be authorised by a Head of Service.

The Audit Manager would report on progress at the next meeting of the Committee.

DECISION

The Internal Audit work completed between May 2018 and October 2018 was noted.

18 ANNUAL AUDIT LETTER

Members considered the content of the Annual Audit Letter for the year ended 31 March 2018.

Ernst & Young discussed the content of the 2017/18 Annual Audit Letter.

The Head of Corporate Services provided an update on the payment of additional fees payable following the audit of accounts for 2017/18. Discussions were in progress with Capita on reclaiming the payment.

The Committee asked that the risk highlighted by Ernst & Young relating to IFRS 16 be noted on the Operational Risk Register. This was because there is some detailed work that needs to be carried out to identify all leases and ensure that the right information is captured for them.

DECISION

The Annual Audit Letter for the year ended 31 March 2018 was noted.

19 RISK REPORT

Members considered the Risk Report updating members on the effectiveness of the Council's risk management framework.

The Audit Manager discussed recent developments regarding the arrangements in place for risk management. For example, during the summer there had been a significant refresh of the Corporate Risk Register which was reported to Overview and Scrutiny in September.

It was agreed that the Chair of the Committee would discuss with the Chair of Overview and Scrutiny regarding the visibility of meeting notes taken at Service Boards.

It was also agreed that the Chair of the Committee would ask the Joint Chief Executives to comment on how effective the ownership and monitoring of Operational Risk Registers was at head of Service level.

DECISION

The Committee noted the effectiveness of the risk management framework.

20 AUDIT WORK PROGRAMME

Members considered and updated the Audit Work Programme for October.

The meeting closed at 8.15 pm