

PUBLIC

MINUTES of a meeting of the **AUDIT COMMITTEE** held on 29 March 2016 at County Hall, Matlock

PRESENT

Councillor S Brittain (in the Chair)

Councillors G Birkin, L M Chilton and D Williams

Apologies for absence were submitted on behalf of Councillors S J Bradford and C E Neill

8/16 **MINUTES RESOLVED** that the minutes of the meeting held on 9 February 2016 be confirmed as a correct record and signed by the Chair.

9/16 **ACCOUNTING POLICIES** The Committee had previously approved the Accounting Policies for the 2015/16 financial year, and since that time, there had been minor amendments as a result of recommendations made by external auditors. The amendments included additions in respect of contingent assets and liabilities, and cash and cash equivalents.

The policies had also been updated to reflect the introduction of international Financial Reporting Standard 13 – Fair Value Measurement, which would see a change to the way Surplus Assets were valued. These were currently held at operational use, but would be held at market value from 2015/16.

The 2016/17 Accounting Policies were also presented, and these had been revised to reflect the introduction of the accounting for Network Asset Management.

RESOLVED to approve (1) the changes outlined in relation to the Statement of Accounting Policies for 2015/16; and

(2) the Statement of Accounting Policies for 2016/17.

10/16 **INTERNAL AUDIT PLAN 2016/17** The proposed Audit Plan for 2016/17 was presented. This had been formulated from the risk assessment drawn from a wide range of sources. The Plan for the current year would be continually reviewed during its currency using the risk management and monitoring capability inherent in the MK Insight system. The Plan in its present form was based on the latest information and assessment of known risk. Progress against the agreed Plan would be reported regularly, and if any

need for significant change was identified, this would be reported to members and Senior Corporate Management.

The Plan contained projects developed specifically to address key Corporate and Departmental risks, and would build on the areas where frauds/control weaknesses had previously been identified. The Unit would also maintain its involvement in ensuring that the Authority continued to satisfy the requirements to keep its accreditation against the ISO27001 Standard on information security. This involved the inclusion of programmes designed to evaluate the Authority's compliance with the Standard.

The 2016/17 Plan was based on a staffing structure which provided for the deployment of approximately 15.5 full time equivalents to deliver 2,857 Audit days. The Unit was currently carrying a vacant post, and this would be subject to ongoing review. The Plan had been communicated to External Audit.

The Audit Services' Plan was presented and detailed the Unit's coverage for all Departments and the Corporate Authority, and identified the perceived level of risk, the resource to be employed and the expected outcomes of the Audit work. Timetabling of the individual projects would be agreed with management on an ongoing basis throughout the year, and this would be informed by the findings and emerging initiatives identified.

RESOLVED to approve the Audit Services Plan for 2016/17.

11/16 MEETING DATES AND AGENDA ITEMS FOR 2016/17 The Committee was presented with the proposed meeting dates and suggested agenda items for 2016/17. Audit Committee member training proposals and any additional reports could be added.

To meet the requirements of the audit of the Council's accounts, it was hoped that the formal approval of the 2015/16 accounts would be possible at the July meeting of the Committee, but if not, there would need to be an additional meeting.

RESOLVED to agree the proposed programme for 2016/17.

12/16 NATIONAL FRAUD INITIATIVE This report had initially been presented as an exempt item, but a discussion took place as to whether this needed to be the case. It was generally agreed that the report contained no personal information, but its contents could potentially be a good news story as it demonstrated the action that had been undertaken. Fair processing notices had previously been included in payslips to inform members and staff of the Council's participation in the Initiative, and pensioners had also been notified. The results of the exercise had been made available from January

2015. It was therefore agreed that this report should be considered in the public section of the meeting.

The Committee was informed of the Council's progress in scrutinising the data matches arising from participation in the National Fraud Initiative (NFI) 2014/15. The matching of data assisted in identifying potentially fraudulent claims, errors and overpayments. Audit Services was the central coordinator for the data matches received from the Audit Commission, and ensured that matches were investigated. The data matching process had now been concluded and all 48 reports provided for investigation had been reviewed. An analysis of the overpayments identified was detailed, and totalled £64,877.04.

The Authority had recently received a consultation document from the Cabinet Office regarding the proposed work programme and scale of fees for NFI 2016/17. It was proposed that the existing, mandatory datasets to be submitted by the Council would continue and the fee would remain unchanged. Further details would be reported when the consultation had closed and the final work programme had been published. The cost of participation in NFI 2014/15 had been £3,750.

RESOLVED to note the progress made by the Council in respect of its participation in the NFI 2014/15.