

## **Audit Committee**

**21 September 2016**

Present: Mr K Robinson (Chair)  
Mr M Wilkinson  
Councillors G Bell, L Bell, D Cox, N Craven, A McMullen  
and J Wallace.

### **AC12/09/16 Apologies**

An apology for absence was received from Councillor F Weetman.

### **AC13/09/16 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations reported.

### **AC14/09/16 Minutes**

**Resolved** that the minutes of the meeting held on the 25 May 2016 be confirmed as a correct record and signed by the Chair.

### **AC15/09/16 2015/16 Audit Completion Report**

Consideration was given to a report which provided details of the outcome of the external audit of the authority's 2015/16 financial statement carried out by Mazars. The report provided an unqualified audit opinion of the accounts and the arrangements in place to secure value for money. In addition the significant findings from the audit were outlined together with a number of internal control recommendations and the management response to the recommendations.

Members sought clarification on a number of issues including:

- Disaster recovery – it was noted that work had been done earlier in the year by internal audit on the authority's arrangements for disaster recovery and it also formed part of the authority's target operating model considerations.
- The safeguards in place if the Clinical Commissioning Group (CCG) were to fail – it was explained that ongoing discussions were taking place between the authority and the CCG to manage any potential risk.
- An increase in rent arrears – it was explained that efforts were being made to recover the debts but it was acknowledged that some would have to be written off. It was also noted that officers were working with tenants to support them to pay their rents on time. The authority was also aware of issues on the horizon which may have an effect on rent arrears including Universal Credit and other welfare reforms. Internal audit had previously carried out work on bad debts and it was explained that

as a result of the shared service an opportunity had arisen to study how another authority dealt with the subject of rent arrears and bad debts.

**Resolved** that (1) the matters raised in the Audit Completion Report be noted;  
(2) the audit findings set out in Section 3 of the Audit Completion Report be noted;  
(3) the internal control recommendations and management responses set out in Section 4 of the Audit Completion Report be noted;  
(4) the adjustments (both unadjusted and adjusted) set out in Section 5 of the Audit Completion Report be noted;  
(5) the Value for Money conclusion set out in Section 6 of the Audit Completion Report be noted; and  
(6) the draft Letter of Representation set out in the appendix to the Audit Completion Report be noted.

### **AC16/09/16 Highway Network Assets**

Consideration was given to a report which provided an update on the progress being made in respect of the introduction of the accounting changes required by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the measurement and recording of Highways Network Assets. These assets included the carriageways, footways and cycle tracks, bridges, street lighting, street furniture, traffic management systems and land. It was explained that the Code of Practice had to be adopted for the 2016/17 accounts and replaced the valuation basis from depreciated historic cost to depreciated replacement cost.

It was explained that following the closure of the 2015/16 accounts work was ongoing to split out the Highway Network Assets from the Infrastructure Assets. Discussions were taking place with the authority's highways engineers in relation to the carriageways and bridges and it was noted that further work was required in relation to the transfer of the bridges. It was also explained that the authority's street lighting PFI contractor had been requested to provide information on the street lighting furniture, the asset lives and the replacement rates.

**Resolved** that the progress made towards implementing the Highways Network Asset Code be noted