

# TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,  
Gloucester Road, Tewkesbury on Thursday, 21 September 2017 commencing at  
2:00 pm**

## **Present:**

Chair  
Vice Chair

Councillor V D Smith  
Councillor H C McLain

## **and Councillors:**

K J Cromwell, A J Evans, P A Godwin and B C J Hesketh

### **AUD.16 ANNOUNCEMENTS**

- 16.1 The evacuation procedure, as noted on the Agenda, was advised to those present.
- 16.2 The Chair welcomed the representatives from Grant Thornton - David Johnson, Audit Manager for Tewkesbury Borough Council, and Julie Masci, Engagement Lead - to the meeting.

### **AUD.17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

- 17.1 An apology for absence was received from Councillor S E Hillier-Richardson. There were no substitutions for the meeting.

### **AUD.18 DECLARATIONS OF INTEREST**

- 18.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 18.2 There were no declarations of interest made on this occasion.

### **AUD.19 MINUTES**

- 19.1 The Minutes of the meeting held on 19 July 2017, copies of which had been circulated, were approved as a correct record and signed by the Chair.

**AUD.20 AUDIT COMMITTEE WORK PROGRAMME**

- 20.1 Attention was drawn to the Audit Committee Work Programme, circulated at Pages No. 13-20, which Members were asked to consider.
- 20.2 The Head of Corporate Services indicated that the next meeting of the Committee would consider the monitoring of Gloucestershire Safeguarding Children Board Section 11 Audit and this would include where the Council was with the audit recommendations. In addition, he felt it would be interesting to see the first report from the Counter Fraud Unit in December; Members had received an informative presentation from the Unit prior to the recent Council meeting and he looked forward to the six monthly update report.
- 20.3 Accordingly, it was  
**RESOLVED** That the Audit Committee Work Programme be **NOTED**.

**AUD.21 LETTER OF REPRESENTATION 2016/17**

- 21.1 Attention was drawn to the Section 151 Officer's Letter of Representation on the financial statements for the year ended 31 March 2017, which had been circulated at Pages No. 21-26. Members were asked to consider the letter.
- 21.2 The Head of Finance and Asset Management indicated that, as the Council's Section 151 Officer, he was required to write a Letter of Representation to the external auditors which outlined the principles on which the accounts were based and confirmed compliance with the law and the level of information provided to Grant Thornton to complete the audit, as well as disclosing any fraudulent activity that may have taken place. The content of the letter had been agreed with Grant Thornton and formal approval was now sought from the Committee.
- 21.3 A Member noted that the letter, as attached to the report at Appendix A, referred to Rachel North being the Council's Deputy Chief Executive which was no longer the case. The Head of Finance and Asset Management apologised for the oversight and confirmed that this would be amended prior to it being submitted.
- 21.4 Accordingly, it was  
**RESOLVED** That, subject to an amendment to the letterhead to refer to the current Deputy Chief Executive, the Letter of Representation be **APPROVED** and signed by the Section 151 Officer.

**AUD.22 EXTERNAL AUDITORS' AUDIT FINDINGS**

- 22.1 Attention was drawn to Grant Thornton's report, circulated at Pages No. 27-63, which set out the audit findings for the Council for 2016/17. Members were asked to consider the report.
- 22.2 The Engagement Lead from Grant Thornton explained that the report highlighted the key findings from its audit of the Council's financial statements for the year ended 31 March 2017. Under the National Audit Office Code of Audit Practice, Grant Thornton was required to report whether, in its opinion, the Council's financial statements represented a true and fair view of the financial position, and its income and expenditure for the year, and whether they had been properly prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting.

- 22.3 The Engagement Lead reported that the audit had gone well and she took the opportunity to thank the Council's finance team for its support over the course of it. In the conduct of the audit, Grant Thornton had not had to alter or change its approach which had been advised to Members in the Audit Plan dated 13 March 2017. In terms of the financial statements opinion, no adjustments had been identified which affected the Council's reported financial position and the audited financial statements for the year ended 31 March 2017 had remained unchanged from the draft version which had been submitted for audit. In terms of the timetable for the approval of the accounts, this had not gone well from Grant Thornton's side and it was understood that it would need to improve to meet the statutory deadline in 2018. This was not a reflection on the Council's finance team which was well placed to meet those requirements. Whilst the audit was substantially complete, Grant Thornton was still finalising its procedures in a number of areas including: receipt of independent confirmation of investment balances with three institutions – although Grant Thornton was comfortable that they were accurately reflected in the accounts; review of the final version of the financial statements; review of the management letter of representation; review of the revised version of the Annual Governance Statement; and update of the post balance sheet events to the date of signing the opinion. In terms of the outstanding work it was confirmed that this was standard for all Councils as there were always matters that were not completed at this point.
- 22.4 Referring to Page No. 32 of the report, the Engagement Lead confirmed that she anticipated an unqualified audit opinion on the financial statements with the key messages being that they were free from material error and supported by good quality working papers; that issues identified in prior years had been fully addressed and no further issues in those areas had been noted; and that Grant Thornton had always received timely responses to queries. In addition, the audit had found that the financial statements were consistent with the Council's Annual Governance Statement and Narrative Report and that there were no control weaknesses. In terms of Value for Money, Grant Thornton was satisfied that, in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources; although it was noted that there were a small number of recommendations where the Council could further enhance its financial and governance arrangements. Grant Thornton was also required to certify the Council's housing benefit subsidy claim on behalf of the Department for Work and Pensions; at present its work on the claim was still in progress and was not due to be finalised until 30 November 2017 so the outcome of the certification would be reported to the Committee through a separate report in early 2018. A number of recommendations had been made on the work undertaken and those were set out in an action plan attached to the report at Appendix A. The recommendations had been discussed with the Head of Finance and Asset Management and his team.
- 22.5 The Grant Thornton Audit Manager drew attention to Page No. 35, which set out the level of materiality that was worked to, and Page No. 36, which set out any significant risks. There were no risks identified except for those noted at Page No. 39 which referred to changes to the presentation of local authority financial statements – there had been no overall material misstatement and the Council had made the necessary adjustments to the final accounts for signing. In terms of accounting policies, estimates and judgements, the assessments undertaken were all shown as green so the Auditors were happy with the policies that had been disclosed within the accounts. Referring to Page No. 42, the Grant Thornton Audit Manager drew particular attention to 5) confirmation requests from third parties. He explained that management permission had been requested to send confirmation requests to the Council's bankers and institutions where the Council had funds invested. That permission had been granted and the requests sent but, at the time of writing the report, confirmation had not been received from all parties confirming

the balances. In terms of adjusted and unadjusted misstatements, none had been identified which was a credit to the Council's finance team. Page No. 45 set out any misclassification and disclosure changes which had seen only minor changes identified and those did not affect the financial statements. Particular attention was drawn to the fact that the Council had not revealed that the 2015/16 Comprehensive Income and Expenditure Statement (CIES) disclosure was restated on the face of the accounts as was required by the Code – this had now been addressed. In addition, a significant number of assets had been identified that had £0 balances at the beginning and end of the year; it was not clear what the Council's policy was on identifying assets which were still in use and this needed to be considered as there was a question as to whether they should remain on the fixed asset register. Referring to Page No. 48, the Grant Thornton Audit Manager indicated that two risks identified in terms of the Value for Money conclusion were the Medium Term Financial Strategy, including the delivery of savings, and the Ubico monitoring contract. The findings had been discussed with management and a recommendation for improvement had been agreed; this meant there should be a robust process in place for the management and monitoring of contracts with third parties and that all financial information would be provided on a timely basis to allow the identification of potential overspends. Pages No. 49-53 set out the key findings against those two significant risks and the Audit Manager explained that they detailed the ongoing challenges for the Medium Term Financial Strategy – these were mainly outside of the control of the Council i.e. New Homes Bonus funding, business rates, the spending review etc. – and the monitoring of the Ubico contract – this had been flagged as part of an Internal Audit review and, although it was a single contract, it was felt that its size in comparison to the Council's spending warranted ongoing review even though assurances had been provided that the risks had been sufficiently mitigated.

- 22.6 The Engagement Lead drew attention to Page No. 56 and explained that Grant Thornton was also required to confirm its final fees and to set out its proposed fees for the next year. She confirmed that there were no fees for the provision of non-audit services and the fees for 2018/19 were proposed to be in line with the scale fee set by Public Sector Audit Appointments Ltd. It was likely that, in future, the audit fees would reduce as a result of the re-tender. In terms of the grant certification fee, this could not yet be confirmed as the work would not be concluded until November; the final fees would be reported to the Audit Committee in due course following the completion of the certification work. Referring to Page No. 58, she explained that this showed how the Auditor was discharging its responsibilities in terms of communicating with the Council.
- 22.7 The Chair thanked the Grant Thornton representatives for their thorough presentation and expressed the view that he found it helpful that the work was linked to Key Performance Indicators (KPIs) as this was a good way of monitoring the processes going forward to ensure the actions were being delivered. He also expressed how impressed he was at the large amount of detailed work that had taken place. A Member questioned whether the introduction of Universal Credit was likely to increase the audit fees. In response, the Engagement Lead explained that the methodology would change once Universal Credit was finalised but, prior to that, the way Auditors were appointed to undertake grant certification work would change; the competitive element that would be introduced at that point would affect the fees but she could not currently say whether that would be in a positive or negative way. In terms of the three institutions with outstanding confirmation of investment balances, as identified at Page No. 31, the Engagement Lead undertook to identify which organisations they were and advise the Committee accordingly. She offered reassurance that Tewkesbury Borough Council was not the only one to have seen this issue; it was frustrating for the Auditors but not unusual. One Member questioned whether there were any key points which had been found to be satisfactory within the Key Performance

Indicators on trade waste, garden waste etc. and he was advised that he would be updated following the meeting.

- 22.8 The Chair offered his congratulations to the finance team on a very positive report and thanked Officers for their hard work on behalf of the Audit Committee. Accordingly, it was

**RESOLVED** That Grant Thornton's audit findings 2016/17 be **NOTED**.

### **AUD.23 STATEMENT OF ACCOUNTS 2016/17**

- 23.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 64-165, attached the Statement of Accounts for 2016/17 which Members were asked to approve.

- 23.2 The Finance Manager explained that the Statement of Accounts for 2016/17 showed the financial position of the Council as at 31 March 2017 as well as the performance during the year. It was a statutory requirement to publish the accounts, with the audit certificate and opinion, no later than 30 September 2017. From next year those deadlines would be brought forward and the Council's finance team had used this year as a practice run so the accounts had been ready by 31 May 2017. The audit findings report showed no material misstatements and only a few minor misclassifications and disclosure statements. The Committee was asked to review the content of the Statement of Accounts, in line with the information contained in the report, and approve them for publication in accordance with the Accounts and Audit Regulations 2011.

- 23.3 The Finance Manager explained that the Council had overspent against its net budget by £87,000 in the year which was broken down at Page No. 66. The employees' full year budget was overspent largely as a result of the requirement to bring in interim staff to cover vacancies and sickness along with the provision for termination payments which had been made as part of the management restructure. In terms of supplies and services, the overspend was in relation to the expenditure associated with running elections and referendum on behalf of central government. The expenditure was unbudgeted at the start of the year but corresponding additional income had been received to finance it. Payments to third parties was significantly overspent due to disbursements incurred by One Legal which accounted for £194,000 - all amounts had been recovered from the client Councils and was shown in the income figure - planning appeal costs, and expenditure on Tewkesbury Town Centre and the new leisure centre, had been funded from other sources e.g. planning obligations. Transfer payments related to the Council's activities in respect of the administration of housing benefit on behalf of central government but income targets had far exceeded expectations during the year with external income boosting the overall position. This had also been helped by solid income streams in a number of areas and improved recovery of housing benefit subsidy.

- 23.4 The total net worth of the Council had increased from £8.9 million to £9.9 million and that was summarised in the 'Movement in Reserves Statement', the things that

had contributed to that included: an increase in long term assets which was largely due to the use of monies to fund investment property purchases; an increase in current liabilities of £20 million; an increase in total provisions due to an rise in the business rate appeals provision; other adjustments including a reduction in the Capital Receipts Reserve; and a growth in the pension deficit due to a decrease in the net discount rate over the period. The total balance for capital resources, including capital grants, was £3.279 million; however, after allowing for commitments of £5.156 million the unallocated budget available for new projects was £500,000.

- 23.5 In response to a query as to whether it was future proofing for growth items, the Finance Manager explained that the Council had currently borrowed £15 million at a very cheap rate. The Council had to ensure its borrowing was prudent so it would need to be careful if it borrowed for something that did not generate a return on the income like waste vehicles. The Head of Finance and Asset Management explained that the Council was not asset rich so it had to optimise its treasury strategy which meant getting its borrowing right in terms of how much, how long and when to borrow. Currently short-term borrowing was cheapest but this was reviewed on an ongoing basis. It was not unusual for Councils not to be debt-free but this was a situation that Tewkesbury Borough was not used to. Officers were always mindful of the future, and trying to protect the Council in the longer term, as well as addressing its current issues.
- 23.6 Members thanked the finance team for its hard work in getting the Statement of Accounts ready to meet the new deadline and, accordingly, it was

**RESOLVED** That the Statement of Accounts 2016/17 be **APPROVED**.

#### **AUD.24 UBICO FOLLOW-UP AUDIT REPORT**

- 24.1 The report of the Head of Community Services, circulated at Pages No. 166-186, provided an update on actions that had been taken as a result of an Internal Audit report which sought to improve the client monitoring of the Ubico contract. It also provided an update on the actions that were currently underway and ongoing. Members were asked to consider the progress made in respect of the recommendations which had arisen from the Ubico audit.
- 24.2 The Head of Community Services explained that the report before the Committee sought to put into context what had been happening with Ubico in the past six months. Times had been turbulent but improvements had been made which he felt it was important to note. In March 2016, the Council had completed its fleet procurement and the new vehicle fleet was delivered; the procurement of the vehicles had been a major project and was primarily managed by the Joint Waste Team, in close liaison with the Interim Head of Service and Ubico. In addition, significant service changes had been introduced in April 2017 and over 60% of the Borough had a change of day or week to their waste and recycling collection as well as a change to the way that food waste was collected. Any changes to waste collections were expected to cause a degree of disruption to the service but, in this case, the disruption had gone on for a considerable time; an improvement plan was in place and was being monitored carefully. A number of significant personnel changes within the last six months had added to the issues faced and had an impact on the delivery of the actions. The Head of Community Services had been appointed as the lead commissioner of the Ubico contract, the Head of the Joint Waste Team had resigned and a new Managing Director of Ubico had been appointed.
- 24.3 Attention was drawn to Appendix 2 to the report which set out the Ubico client monitoring audit recommendation and progress report. The Head of Community

Services explained that the Joint Waste Team had commenced a review of the street cleansing service to analyse the type of requests that were being received by the Council and to establish if there were better ways of working; there was still concern about the reactive nature of the grounds maintenance and fleet management but there were plans in place to try and address this so the Head of Community Services was in the process of recruiting a dedicated resource to undertake a project which would ensure performance in that regard was better monitored; the garden waste and trade waste schemes were currently being reviewed and it was anticipated that positive information would come forward over the next few months; a whole host of meaningful KPIs were being established and would include things like measuring non-completion of works in relation to cemeteries, management of the vehicle fleet etc. It would then be possible to consistently provide performance information to Members. Performance and budgeting monitoring had improved over the last few months and the finance team was now relatively comfortable with the information being provided so that action was now complete; there was now someone in control of monitoring the compliance of the contract and six weekly meetings took place to discuss overall contract performance, health and safety and current projects and these worked particularly well; grounds maintenance monitoring had been ad-hoc which was of concern, however, the Head of Community Services indicated that there was now a plan in place to address this; the stock levels of waste bins had been a concern but there was now a procedure in place whereby Ubico had an Officer at the depot that checked the stocks of bins and advised the Council when it needed to order more; quarterly invoices were now received unless the Council asked for them at different times; a data sharing agreement had been drafted and was in the process of being agreed by One Legal and Ubico; and the Communications Protocol and its appendices were under review – this was a fairly extensive piece of work but the Head of Community Services was relatively confident the target date of April 2018 would be achieved.

- 24.4 During the discussion which ensued, a Member thanked the Head of Community Services for the inclusion of target dates on the action plan but he felt it would also help to have smiley/sad faces so the Committee could quickly pick up whether the action was slipping or not. The Head of Corporate Services felt that this would be a good idea as it would make the document easier to read. In addition, the Member questioned whether there were policies in place for Ubico to act quickly on something that the Council had passed on to it. In response, the Head of Community Services explained that there was currently no specific policy in place but it was necessary to build something into the KPIs as the current system was not fit for purpose. Tewkesbury Borough Council was careful about what it 'flagged up' as urgent and he hoped other partner authorities took the same approach. Parish Councils had installed bins themselves over many years and the numbers had increased a lot but the staff servicing them had not. The Managing Director of Ubico was keen to ensure resources were maximised and was investigating whether there were opportunities for changing the way the company operated e.g. bins that did not need emptying were not emptied and grass that did not need cutting was not cut i.e. grass should not be longer than a certain length rather than grass being cut a certain number of times a year. A Member questioned who would monitor KPIs and, in response, she was advised that the Joint Waste Team would monitor those relating to waste, recycling and street cleansing and Tewkesbury Borough Council would monitor grounds maintenance. It was felt that some issues could easily be addressed with the use of specific KPIs and the Chair undertook to send Officers a copy of the Red, Amber and Green (RAG) ratings for the highways KPIs for information. The partnership board at Ubico would ultimately decide what the KPIs would be. In response to a query regarding the operating licensing agreement with Ubico, the Head of Community Services explained that the Council had a contract with Ubico and that had KPIs against it which needed to

be tightened up. Obviously the Council could not penalise Ubico financially as it would also be penalising itself.

24.5 Having considered the report before it, the Committee

**RESOLVED** That the progress made in respect of the recommendations which had arisen from the Ubico audit be **NOTED**.

#### **AUD.25 HEALTH AND SAFETY REPORT 2016/17**

25.1 The report of the Head of Community Services, circulated at Pages No. 187-206, attached a summary of the activities carried out to secure health and safety compliance in the financial year 1 April 2016 to 31 March 2017. The Committee was asked to consider the information provided in the Health and Safety Report 2016/17.

25.2 The Head of Community Services explained that Tewkesbury Borough Council had the responsibility to secure the health, safety and welfare of staff and, where relevant, members of the public. It also recognised the importance of good communications in making sure this was effectively carried out. The Health, Safety and Welfare Policy provided the health and safety framework that all parties must follow to ensure health and safety was managed during the course of business and the report before Members aimed to provide a review of the previous year's activities in that area as well as to provide a work plan for the forthcoming year.

25.3 The report showed that Tewkesbury Borough Council was an extremely safe place to work and had a low number of accidents. The 'Keep Safe, Stay Healthy' Working Group worked well and ensured any issues were at the forefront of everyone's minds. Pages No. 195 and 196 set out the achievements during the last 12 months. A Member questioned whether there were any comparisons which could be made to similar Councils to assess how well Tewkesbury Borough was doing. In response, the Head of Community Services explained that there was a standard format contained in the Health and Safety Executive's guidance, document HSG65, which could be used for comparisons. The Health and Safety Officer was beginning to look at what other authorities provided to their Councillors and it may be possible to include a chart that showed where the Borough Council was in comparison to others and what it needed to do to improve.

25.4 Accordingly, it was

**RESOLVED** That the Council's Health and Safety Report 2016/17 be **NOTED**.

#### **AUD.26 INTERNAL AUDIT PLAN MONITORING REPORT**

26.1 The report of the Head of Corporate Services, circulated at Pages No. 207-223, provided an update report of internal audit activity for 2017/18 which detailed the findings and opinions given by Internal Audit for completed audits within the audit plan. The Committee was asked to consider the internal audit findings and opinions on the work completed in the period and the assurances given on the adequacy of internal controls operating in the systems audited.

26.2 The Head of Corporate Services explained that Appendix 1 to the report summarised the work of Internal Audit for the period and Appendix 2 provided the status of all audits. The audit recommendations due to be followed up in quarter two of 2017/18 had also been included in this monitoring report. He explained that a 'split' opinion could be provided – this meant an individual opinion could be given for different parts of the system being audited. This approach enabled internal audit to identify to management any specific areas of control that were operating or not. Assurance opinions were categorised as 'good', 'satisfactory', 'limited' and 'unsatisfactory'. With regard to the opinions issued for the period, all had a positive audit opinion. The list of audit recommendations, and their status, was attached at



Appendix 3 to the report; of the 16 recommendations, seven had been implemented, two had been partially implemented and seven had yet to be implemented. Of those not implemented, the bulk related to the Ubico client monitoring audit.

- 26.3 In terms of the audits completed, Members were advised that the Freedom of Information management system had gone live in November 2015. In 2016/17, 321 requests had been received with only 14 responses sent late which equated to almost 96% being processed in line with the Freedom of Information Act; that type of information had not been available through the old system so there were no real comparisons that could be made. However, it was felt that the new system, and the introduction of monitoring by the Corporate Services Officer, had meant the responses to Freedom of Information requests were now much more efficient. During the Information Governance Audit, it was noted that handling procedures required updating and that they should be expanded to include reference to the handling of Freedom of Information complaints or “internal reviews”. In addition, it had been recommended that a training programme be established and appended to the Information Governance Policy which included training for dealing with Freedom of Information requests. The assurance level on the audit had been satisfactory. In respect of Disabled Facilities Grants, there was a satisfactory level of assurance that grants were being approved within the legislative timeframe of six months and monitoring was now being supported through the use of reports generated through the ‘Uniform’ system. Testing had confirmed that grant payments were processed promptly and in accordance with the terms of the grant. The current monitoring process gave consideration to approved grants; however, in view of the current funding arrangements with the county being based on approved and paid grants only, it had been recommended that a quarterly review of paid, approved and estimated eligible grants against the funding allocated be undertaken to assist in identifying shortfalls against county allocated funding promptly. The Environmental Health and Land Charges sections worked cooperatively to ensure that land charges were applied when necessary for the allotted length of time and testing had confirmed that money had been repaid and the charge was removed as appropriate; that assurance level had been identified as ‘good’.
- 26.4 The Council had an Absence Management Policy and accompanying procedures which could be accessed through the intranet. It was noted that the absence process flow chart needed to be updated to reflect the policy in respect of the number of absences in a rolling period. Audit testing had confirmed that the handling and recording of absences had been dealt with in accordance with this Policy, although there was not a consistent approach in the recording of past absences within the return to work forms even though HR maintained a spreadsheet which listed all absences within a 12 month rolling period. This was a function of the new HR administration system. In addition, absence details had been transferred to payroll correctly. The reporting values entered by the authority within the National Non-Domestic Rate (NNDR3) had been found to be fairly stated and evidence was retained to support those values. A sample of business rate accounts, which included the reliefs and exemptions that had been applied, confirmed that they had been accurately calculated and appropriately applied to the accounts. Follow-up on previous recommendations confirmed that a review into the ‘mini review’ procedure for discretionary relief had been completed with amendments to the Policy taken to Members for approval at the end of August 2017. The recommendation to amend the Council’s discretionary relief policy to give consideration to the Localism Act was yet to be completed, however, discussions were ongoing; it was agreed that that recommendation be deferred for a further six months whilst an exercise was completed to identify the financial implications and the feasibility of the discretionary relief. In terms of discretionary housing payments, the government had allocated the Council £92,900 in funding to

be used to award discretionary housing payments to support those affected by welfare reforms. The Council was required to complete a return to identify where there had been any over or underspend. A review of the 2016/17 return confirmed that the cells required had been completed in accordance with the guidance provided. In addition, the return had been appropriately signed off by the Section 151 Officer, and lodged within the stated deadline. The return value had been understated by £510.24 but this was not material since the Council was not gaining any financial advantage by this error as the Council's spending exceeded the government contribution by £6,000. Testing of 20 awards found that all had been approved or refused in line with the Council's policy and that the amounts awarded were arithmetically correct; on discussion with the Council's Benefits Team Leader it had been identified that discretionary housing payment overpayments were not actively recovered and therefore it was recommended that recovery processes be put into place in line with the Council's policy.

26.5 There followed a discussion about the rating of audits and the Chair considered that there would be an argument for the Freedom of Information audit outcome to be 'good' rather than 'satisfactory'. In response, the Head of Corporate Services advised that the next item on the Agenda looked at assurance levels. He offered reassurance that 'satisfactory' could be a good thing. The Member also felt that it would be helpful for Internal Audit to be able to offer a steer on how an audit outcome could be improved from 'satisfactory' to 'good'. The Grant Thornton Engagement Lead advised that there was a certain amount of flexibility in auditing but it would always be the case that some would be easier to move from 'satisfactory' to 'good' than others. Sometimes there would be a cost to improvement and that would need to be considered on a case by case basis as this may be prohibitive in some circumstances.

26.6 Accordingly, it was

**RESOLVED** That the internal audit findings and opinions on the work completed in the period, and the assurance given on the adequacy of internal controls operating in the system audited, be **NOTED**.

## **AUD.27 INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

27.1 The report of the Head of Corporate Services, circulated at Pages No. 224-234, set out the Quality Assurance and Improvement Programme which Members were asked to consider.

27.2 In accordance with Standard 1300 of the Public Sector Internal Audit Standards (PSIAS) the Chief Audit Executive - for Tewkesbury this was the Head of Corporate Services - had to develop and maintain a Quality Assurance and Improvement Programme that covered all aspects of internal audit activity. Pages No. 228 onwards provided an overview of how the work was planned and supervised. In terms of the Programme, the team was always improving its processes so they were relevant and proportionate to its size. There were seven actions in the Improvement Programme summary and those were identified at Page No. 234. It was anticipated that the Committee would be provided with six monthly, or possibly annual, updates so the progress of actions could be tracked. In addition, it was suggested that a six monthly newsletter from the Chair of Audit Committee could be introduced, similar to that already provided by the Chair of Overview and Scrutiny Committee. The Chair of the Committee agreed that this would be a good idea. He was of the view that it was important for the Council and members of the public to understand what audit did in terms of looking at policy, governance, internal controls, budgetary procedures etc. as it influenced so much of the Council's Agenda regarding efficiencies.

- 27.3 Accordingly, it was  
**RESOLVED** That the Internal Audit quality assurance and improvement programme be **NOTED**.

**AUD.28 APPOINTMENT OF EXTERNAL AUDITORS**

- 28.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 235-238, asked the Committee to approve the appointment of Grant Thornton (UK) LLP as the Council's external auditors for five years from 2018/19.
- 28.2 The Head of Finance and Asset Management advised that, in January 2017, the Council had agreed to opt into the Sector Led Body approach to appointing external auditors from 2018 onwards. The Sector Led Body role had been taken by the Public Sector Audit Appointments Ltd which had carried out a procurement exercise on behalf of all those eligible bodies which had opted into the approach. That exercise had resulted in Grant Thornton (UK) LLP being successful in winning the biggest contract lot and subsequently being proposed as the appointed auditor for Tewkesbury Borough Council. Confirmation, or otherwise, was required from eligible bodies by 22 September.
- 28.3 Having considered the information provided, it was  
**RESOLVED** That the appointment of Grant Thornton (UK) LLP as the Council's external auditor for five years from 2018/19 be **APPROVED**.

The meeting closed at 3:35 pm