

UNADOPTED

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
MALVERN TOWN COUNCIL**

held on Monday 4 June 2018

in the Council Chamber, Belle Vue Terrace, Malvern, at 6.00 pm

Councillors

Present

N Mills (Chairman)

C Bovey

P Newton

P Smith

Absent

L Lambeth (apologies)

In attendance

Linda Blake – Town Clerk

Chris Boyd – Internal Auditor

Cllr Cynthia Palmer - Mayor

1. ELECTION OF CHAIRMAN

Cllr N Mills was elected as Chairman of the Audit Committee for 2018/19.

2. ELECTION OF VICE-CHAIRMAN

Cllr C Bovey was elected as Vice-Chairman of the Audit Committee for 2018/19.

3. APOLOGIES FOR ABSENCE

Apologies for absence were received and accepted from Cllr L Lambeth.

4. DECLARATIONS OF INTEREST

None.

PUBLIC PARTICIPATION

None.

5. EXTERNAL AUDITOR REPORT AND CERTIFICATE 2016/17

The Town Clerk informed committee that the external auditor certificate for 2016/17 had been received very late this year, not being signed off until 4 January 2018.

The external auditor report had been a clean one except for a matter reported on the incorrect treatment of Earmarked Reserves.

The Town Clerk explained that new rules for the treatment of Earmarked Reserves had been included for 2016/17 and the auditor had requested that the Town Council's Election Reserve be treated as a short-term reserve rather than a long-term reserve in line with CIPFA guidance. There would therefore be a re-statement of boxes 6, 7, 8 and 9 for the 2017 figures.

Audit Committee received and **AGREED** the External Auditor Report for 2016/17.

6. ANNUAL INTERNAL AUDIT REPORT – FINANCIAL YEAR ENDING 31 MARCH 2018

Chris Boyd from Boyds, Chartered Accountants, presented his internal audit report for 2017/18. He explained the work that had been carried out during the financial year and also after 31 March, to look at Year End Accounting Statements. As per

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the report he was pleased to be able to confirm that all Internal Control Objectives had been achieved during the year.

The Chairman raised the issue of internet banking and BACS payments and how these required strong control measures to be put in place. The Town Clerk agreed and stated that the delay in switching to internet banking had been caused by not being able to develop a system which segregated duties so that no officer would be able to process a payment completely independently.

The Internal Auditor expressed his view that even if internet banking was carried out, Councillors would still need to authorise individual payments.

The Audit Committee **NOTED** the points raised by the Internal Auditor in his report.

The Committee **RECOMMENDED** that the Internal Audit Report 2017/18 be accepted and it was **NOTED** that for the first time it would form part of the audit back-up paperwork sent to the External Auditor.

7. **INTERNAL AUDIT COMMITTEE – WORK PLAN 2018/19**

The Audit Committee considered what to include as part of their work plan for 2018/19.

After discussion, it was **AGREED** to look at the following:

- i. Internet banking, BACS payments and Internal Control measures to be put in place for these payment methods
- ii. A change of banking arrangements as the current account with HSBC had been causing officers a few authorisation issues
- iii. The General Data Protection Regulations and a review of how the council is demonstrating its intention to comply with the new regime
- iv. Significant Risks to achieving the council's objectives and a review of the procedure council uses to set its objectives and to risk-assess them.

8. **DATE OF NEXT AUDIT COMMITTEE MEETING**

It was **NOTED** that the next meeting of the Audit Committee will be held on Wednesday 26 September at 6.00 pm.

The meeting ended at 6.45 pm.

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(Chairman)