

**CORPORATE AUDIT COMMITTEE**

**Minutes of the Meeting held**

Tuesday, 13th May, 2014, 5.30 pm

**Councillors:** Andrew Furse, Gerry Curran, Brian Simmons and Brian Webber

**Independent Member:** John Barker

**Officers in attendance:** Tim Richens (Divisional Director- Business Support), Jeff Wring (Divisional Director, Risk and Assurance) and Andy Cox (Group Manager (Audit/Risk))

**Guests in attendance:** Kevin Henderson (Grant Thornton)

**1 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer read out the procedure.

**2 ELECTION OF VICE-CHAIR**

**RESOLVED** that a Vice-Chair was not required on this occasion.

**3 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies were received from Councillor Will Sandry and from Councillor Dave Laming.

**4 DECLARATIONS OF INTEREST**

There were none.

**5 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

Cllr Furse announced that Councillor Will Sandry hoped to chair the next meeting of the Committee, which, following the rescheduling of the September meeting, would be held on 25<sup>th</sup> September. The June meeting had been cancelled, because the business for it had been brought forward to today's meeting.

**6 ITEMS FROM THE PUBLIC - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS**

There were none.

**7 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS**

There were none.

**8 MINUTES: 4 FEBRUARY 2014**

These were approved as a correct record and signed by the Chair.

**9 INTERNAL AUDIT ANNUAL REPORT 2013/14**

The Risk Manager reminded Members that at the December meeting a prediction was given that about 85% of the plan would be completed by the end of March. The actual figure was 86%. Unplanned work was 12% of work carried out. Reasons for this included that there was a three-month lag between a number of staffing vacancies, which were covered by an arrangement with the South West Audit Partnership. He drew attention to the Audit & Risk dashboard for the fourth quarter of 2013/14 and the comparative figures for 2012/13 and 2013/14 given in paragraph 4.6 of the report and the analysis of the 2013/14 audit results in paragraph 4.7.

A Member asked about the number of audit recommendations implemented. The Risk Manager said that every audit was followed up and 96% of recommendations had been implemented. However, the figure for high and critical risks was 83% of recommendations implemented. Managers sometimes undertook to do things that had not been implemented by the follow-up. If this was the case in relation to high and critical risks there would be a further follow-up.

The Divisional Director – Risk and Assurance drew attention to sections 4.8 and 4.18 of the report. Section 4.8 gave an update on progress with audit partnership arrangements. Joint working arrangements with North Somerset had been in place for six months and had been reviewed by the Section 151 Officers of both authorities, who were satisfied with them. Joint working would continue, with a view to establishing a formal partnership by April 2015. A further update would be given at the September meeting. Responding to a question from a Member, he said that the staff would not all be at a single location. At present he was managing both audit teams, though separately. There would be a partnership board comprising officers from the two authorities. The two Corporate Audit Committees would remain separate. The costs of the partnership would be lower than those of the two separate services because of shared overheads. Arrangements with the South West Audit Partnership would continue this year and reviewed in light of the potential partnership. Section 4.18 of the report gave his opinion on the Internal Control framework in B&NES, which was that it was satisfactory.

The Chair asked about the audit reviews listed in Appendix 2 whose assurance levels were only graded at 1 or 2. The Risk Manager said that the issue with Design & Structures, graded 1, was the timeliness and recording of inspections, which was poor. Parking was graded 2, because of a number of weaknesses in the two main IT systems used in this service.

**RESOLVED** to note the summary of audit work completed during 2013/14 and the performance of the Internal Audit Team.

## **10 INTERNAL AUDIT ANNUAL PLAN 2014/15**

The Risk Manager presented the report and invited the Committee to approve the 2014/15 Internal Audit Plan. He said that the Plan had been formulated using a new methodology which took into consideration of number of factors, as set out in paragraph 4.2. A report on the methodology would be brought to the next meeting of the Committee. Responding to a question from the Chair, he said that qualitative factors were taken into account and the process was informed by discussions with Divisional Directors.

The Divisional Director – Risk and Assurance said that a new methodology is being worked on for the future and has been very favourably received by audiences in the South West to which he had presented it.

The Risk Manager asked Members to note that there were 21 audit reviews planned for 2014/15 as well as follow-up work with Academies.

A Member asked at what point a fall in admissions to a school would be picked up as a risk to its financial viability. The Divisional Director – Finance said this should be picked up by the school's finance team, who should bring it to the attention of the governors. The Strategic Director – People and Communities would also discuss it with the head teacher.

A Member noted that primary places had been previously reduced by 200+, and now a need for additional 200+ was projected. The Divisional Director – Finance said that this was an issue for the schools management team to raise with Cabinet.

A Member asked whether the reviews were available to Members of the Corporate Audit Committee. He said that there had been some disquiet among Members of the Development Control Committee about the quality of legal advice provided by the Council's legal team on controversial planning issues and said that he would like to see what the scope of the audit review was. The Divisional Director – Audit and Risk said that any Member of the Committee who requested it could view the file.

The Chair asked how the money channelled through the Local Enterprise Partnership (LEP) was audited. The Divisional Director – Finance replied that B&NES was the accountable body for most LEP funding. The money was provided on specific terms and conditions and there were special audits, which were carried out on the Council's behalf by Grant Thornton. These audits were paid for from LEP funds.

**RESOLVED** to approve the Internal Audit Plan for 2014/15.

## **11 ANNUAL GOVERNANCE REVIEW 2013/14**

The Risk Manager presented the report. He said that much of the work on the statement had been completed. The report would be presented to the senior management team and signed by the Chief Executive. He said that there were two issues that officers wished to discuss with the Committee: the Dorchester Road bus gate and fatalities in the river.

The Divisional Director – Risk and Assurance said that it was a positive sign that there were only these two issues, and not a long list, to discuss with Members. River deaths were not originally listed as a significant issue. Overview and Scrutiny are reviewing river safety during May, and current indications are that this is a multi-agency issue and was complicated by the number of stakeholders, including riparian owners and the Environment Agency. At the present time management were monitoring the situation on an on-going basis. The Chair said that a report on the bus gate would go to the Planning, Transport and Environmental Policy and Development Scrutiny Panel later this month.

A Member pointed out that Dial-a-Ride vehicles were not permitted to go through the bus gates in Bath. He added that he felt the signage for the gates did not comply with the Traffic Act, however management had considered that the signage was legal. The Divisional Director – Finance said that an urgent decision by the Leader of the Council had covered the legality issues.

**RESOLVED** to note progress of the Annual Governance Review.

## **12 EXTERNAL AUDIT UPDATE REPORT**

Mr Henderson presented the report. He said that there were no issues from the 2013/14 audit to bring to the attention of the Committee. A reply had been sent to the objector to the 2013/14 accounts, but he had not responded.

He then outlined the audit plan for 2014/15. He said that many of the risks identified were common to all Councils and other public sector bodies. He said that the planning for the introduction of the Better Care Fund (agenda page 75) had been reviewed this year; the implementation of it would be reviewed in the 2014/15 audit. He drew attention to the audit fees (agenda page 79) and said that there would be an additional fee for the audit of the Bath Transport Package, because this had not been included in the original specification. He said that a letter had been sent to the Divisional Director – Finance seeking assurance on a number of issues. A copy of their reply was circulated to Members. The Chair asked Members to let him know within 24 hours if they objected to anything in the response.

The Chair said the he doubted that the full impact of benefit reforms (agenda page 60) had been experienced yet. He suggested that the Divisional Director – Customer Services should be invited to make a presentation about the reforms to the next meeting of the Committee, including on the potential for an increase in homelessness, which would impact on the Council's finances.

The Chair accepted an offer from the Independent Member to design training sessions for Members which could take place in the Autumn. These sessions would be open to other Councillors, including North Somerset Councillors, and deal with such topics as financial resilience and anti-fraud strategy.

Mr Henderson drew attention to the guidance documents in Appendices 3-5 and the financial resilience benchmarking report in Appendix 6. He said that this report showed that B&NES was performing well, with most categories rated green, though the staffing level in Internal Audit and external audit arrangements were rated amber, the latter because of the need for improvements in the asset register.

**RESOLVED** to note the updates from the External Auditor.

## **13 ANNUAL REPORT OF THE COMMITTEE**

The Divisional Director – Risk and Assurance introduced this item, which had been brought forward from the now cancelled June meeting. He proposed that the Committee should delegate the drafting of the report to him in consultation with the Chair. The draft report would be circulated to Members in the summer.

**RESOLVED** to delegate responsibility to the Chairman of the Committee and the Chief Internal Auditor to prepare an annual report for submission to Council in September.

The meeting ended at 7.45 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**