

**CORPORATE AUDIT COMMITTEE**

**Minutes of the Meeting held**

Tuesday, 6th December, 2011, 5.30 pm

**Councillors:** Andrew Furse (Chair), Gerry Curran, Michael Evans (In place of Barry Macrae), Will Sandry, Brian Simmons, Kate Simmons and Geoff Ward

**Independent Member:** John Barker

**Officers in attendance:** Jeff Wring (Divisional Director - Risk and Assurance Services) and Andy Cox (Group Manager (Audit/Risk))

**Guests in attendance:** Chris Hackett (Audit Commission)

**31 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer read out the procedure.

**32 ELECTION OF VICE-CHAIR**

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

**33 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies were received from Councillor Barry Macrae, for whom Councillor Michael Evans substituted.

**RESOLVED** to wish Councillor Macrae a speedy recovery and a happy Christmas.

**34 DECLARATIONS OF INTEREST**

There were none.

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

There was none.

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

There were none.

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

There were none.

**38 MINUTES: 29 SEPTEMBER 2011**

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

**39 PRESENTATION ON INTERNAL AUDIT**

The Group Manager (Audit/Risk) and the Divisional Director – Risk and Assurance Services made a presentation. A copy of the presentation slides is attached as Appendix 1 to these minutes.

Councillor Ward asked the meaning of the acronyms on the third slide. These were explained as follows:

CIPFA	Chartered Institute of Public Finance and Accountancy
IIA	Chartered Institute of Internal Auditors
MKI	Morgan Kai International

In reply to a question from Councillor Brian Simmons, the Divisional Director – Risk and Assurance Services said that Academies are no longer obliged to have internal audit services and almost all now have to carry out a ‘responsible officer’ function in relation to risk and control.

The Committee thanked the officers for their presentation.

#### **40 INTERNAL AUDIT UPDATE REPORT**

The Group Manager (Audit/Risk) presented the report. He said that 63% of the 2011/12 Annual Audit Plan had been completed and it was hoped that 95% would be completed by the end of the financial year, despite staffing issues during the year. 21 Audit Reviews and 28 Audit “Follow-Ups” had been completed. 22 of the “Follow-Ups” had identified that all the audit recommendations had been implemented by the time of the review. Of the 21 Audit Reviews, 74% were assessed at Assurance Level 3 or above (Adequate to Good Framework of Internal Control) with 5 assessed as Level 2 (Weak). In addition to the agreed audit plan, time had been spent on the five areas detailed in paragraph 4.8 of the report. He drew attention to the Performance Indicators for the Audit & Risk Team given in paragraph 4.14.

Councillor Ward asked why the work on Integrated Safeguarding had been cancelled despite having a “High” risk level. The Group Manager (Audit/Risk) replied that a number of reports had been produced in relation to this area, and that it was felt that adequate controls were now in place and that there would not be sufficient value in carrying out more work at this time. The Divisional Director – Risk and Assurance Services added that the controls were now assessed at level 3, though 18 months ago they were only at level 1 and concerns had been raised with Senior Management and the situation had been rectified very quickly.

In reply to a further question from Councillor Ward, the Group Manager (Audit/Risk) said that most of the planned audit reviews had been re-specified following budget reductions.

The Chair noted the audit review of Payroll was still in progress. He was also pleased to note that the completed reviews under the IT Management heading (all “High” risk”) had achieved assurance levels of 3 or above.

**RESOLVED** to note the Internal Audit Update.

#### **41 PRESENTATION ON ANTI-FRAUD AND CORRUPTION ARRANGEMENTS**

The Group Manager (Audit/Risk) and the Divisional Director – Risk and Assurance Services gave a presentation to the Committee. A copy of the presentation slides is attached as Appendix 2 to these minutes.

The Chair informed Members that he had asked the Divisional Director – Risk and Assurance Services to check with the housing officers about safeguards against housing fraud, and suggested that this might be an agenda item for the Housing and Major Projects Policy Development and Scrutiny Panel. Councillor Curran noted that people still spoke about “council housing”, so any fraud in relation to social housing could impact adversely on the Council’s reputation. Councillor Brian Simmons noted that someone could be on 5 or 6 housing waiting lists and would be counted separately on each one.

The Committee thanked the officers for their presentation.

## **42 ANTI-FRAUD AND CORRUPTION REVIEW**

The Divisional Director – Risk and Assurance Services presented the report.

Cllr Sandry noted that there was no reference to driving licence fraud. The Divisional Director – Risk and Assurance Services said that there had been no specific instances, though the issue was on the radar.

The Chair suggested that the poster about Whistleblowing could be improved; the present design was too crowded and lacked clarity. Cllr Sandry noted however that the poster was actually a good one based on ones he had seen and officers were requested to take on board these comments.

**RESOLVED** to confirm that the revised Anti-Fraud & Corruption & Whistleblowing Policies and the Anti-Money Laundering Policies remain appropriate.

## **43 ANNUAL AUDIT LETTER**

Mr Hackett presented the report. He said that the Audit Commission required that a letter be sent each year to those bodies for which it provided external audit services setting out the audit opinion and key messages. The current letter summarised the findings of the 2010/11 audit. He reminded Members that the Governance Report, considered at the previous meeting, had commented on technical accounting issues.

He drew attention to the comments about the Council’s organisational change programme given on page 9 of the letter.

He commended the Council for successfully implementing International Financial Reporting Standards, which had caused many local authorities difficulties, and for producing a very good set of accounts.

The Committee congratulated the finance officers for their excellent work.

## **44 EXTERNAL AUDIT UPDATE REPORT**

Mr Hackett presented the report. He drew attention to the audit fee for 2011/12 of £273, 398 compared with the planned fee for 2010/11 of £303, 776 and the final fee for that year of £276, 913. The lower fee for 2011/12 reflected the abolition of the Comprehensive Area Assessment and efficiency savings made by the Audit Commission centrally.

The Chair referred to the list of key considerations at the end of the Audit Commission's update report and asked officers to comment on recommendation that the Committee satisfy itself that the Council had identified all potential income sources. The Divisional Director – Risk and Assurance Services assured him that every opportunity for increasing income had been considered during the budget preparation process and that work was ongoing or completed in all the other areas.

**RESOLVED** to note the update from the External Auditor and the findings from Appendix 1.

## **45 WORKPLAN**

The Divisional Director – Risk and Assurance Services informed Members that the next meeting, to be held on 7<sup>th</sup> February 2012, would commence with an hour and a half-long presentation from Sterling Consultancy Services on treasury management. It was agreed that the meeting should commence at 4.30pm to allow time for this presentation. The usual start time for meetings would remain 5.30pm.

The meeting ended at 7.26 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**