

## **Audit Committee – 26 March 2013**

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Minutes of the meeting of the **Audit Committee** held on **26 March 2013** when there were present:-

Chairman: Cllr T E Mountain  
Vice-Chairman: Cllr Mrs A V Hale

Cllr J D Griffin  
Cllr B T Hazlewood  
Cllr M Hoy  
Cllr Mrs C E Roe

Cllr D J Sperring  
Cllr I H Ward  
Cllr Mrs B J Wilkins

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr Mrs J R Lumley

### **OFFICERS PRESENT**

Y Woodward - Head of Finance  
T Metcalf - Audit and Performance Manager  
J Kevany - Principal Auditor  
S Worthington - Committee Administrator

### **ALSO PRESENT**

R Bint - PKF  
C Read - PKF

### **55 MINUTES**

The Minutes of the meeting held on 11 December 2012 were approved as a correct record and signed by the Chairman.

### **56 EXTERNAL AUDITOR REPORT, GRANTS CLAIM AND RETURNS CERTIFICATION 2011/12**

The Committee considered the report of the Head of Finance providing details of the external auditor's grants claim and returns certification 2011/12.

In response to a Member enquiry relating to under payments of £2,575 in non-HRA rent rebates, as detailed on page 8.7 of the report, officers advised that payments of these amounts had now been made to relevant claimants. Officers confirmed, in response to a supplementary Member question, that the under payments involved five different claimants and related largely to people in bed and breakfast accommodation. Officers further advised that, before the non-HRA rent rebates claim is submitted this year, Internal Audit will be working closely with the Revenue and Benefits department to help prevent similar issues arising.

### **Resolved**

That the grants claim and returns certification for 2011/12 be noted. (HF)

### **57 EXTERNAL AUDITOR'S ANNUAL AUDIT PLAN**

The Committee considered the report of the Head of Finance presenting PKF's updated annual audit plan covering the audit of the 2012/13 accounts and grants.

The external auditors advised that PKF was merging with BDO LLP, with effect from the end of the week. All future external audit reports will be branded BDO LLP.

In response to a Member enquiry as to the possibility of changes in the benefits regime resulting in an increased workload for the external auditors, the external auditors pointed out that the scope of external audit work had not yet been set by the Audit Commission. Officers observed that there was a possibility that the introduction of the local Council Tax Support Scheme could result in a decreased external audit workload.

During debate of value for money, Members expressed concern at the non-collection of fees for hire of playing pitches by the previous contractors, Fountains, and the possibility of large increases in these fees. Officers advised that the issue of Fountains going into receivership had resulted in the administration of such fees being brought back in-house. There was a consultation currently underway around level of fees and the future maintenance of playing pitches. Officers advised that the concerns around playing pitch fees would be raised with the Head of Service and Members should raise concerns about the football pitches consultation with the relevant Portfolio Holder.

### **Resolved**

That the external auditor's annual audit plan for 2012/13 be noted. (HF)

### **58 SCHEDULE OF BUSINESS FOR THE AUDIT COMMITTEE 2013/14**

The Committee considered the report of the Head of Finance providing details of a schedule of business for the Audit Committee during 2013/14.

### **Resolved**

That the schedule of business for the Audit Committee for 2013/14 be noted. (HF)

### **59 REVIEW OF THE COUNCIL'S CORPORATE RISK MANAGEMENT FRAMEWORK AND RISK REGISTER FOR 2013/14**

The Committee considered the report of the Head of Finance providing a review and update of the Council's corporate risk management framework and corporate risk register for 2013/14.

Officers advised, in response to a Member enquiry relating to CRB checks, that arrangements for determining which members of staff should be CRB checked had been reviewed and this has established that checks are made for appropriate members of staff.

Responding to a Member question relating to SR4a on page 11.15 of the report, officers emphasised that the Council has contract procedure rules in place and guidance on the process for raising orders. An electronic form is in the process of being introduced, with effect from the new financial year, for placing orders, which will need to append 3 quotations in order to demonstrate best value; training was currently being rolled out to all staff who raise orders. A dedicated contracts/procurement team will in future deal with all contracts/procurement issues, ranging from smaller orders to larger contracts, including, eg, grounds maintenance. In response to a supplementary Member question, officers confirmed that 3 quotations or the demonstration of best value are required for all orders up to £10,000. Any contracts in excess of £25k would have to undergo a competitive tender process.

#### **Resolved**

- (1) That the updated corporate risk management framework and policy for 2013/14 be approved.
- (2) That the corporate risk register for 2013/14 be approved. (HF)

### **EXCLUSION OF THE PRESS AND PUBLIC**

#### **Resolved**

That the press and public be excluded from the meeting for the remaining item of business on the grounds that exempt information, as disclosed in paragraph 3 of Part 1 of the Local Government Act 1972, would be disclosed.

### **60 INTERNAL AUDIT ANNUAL OPINION FOR 2012/13 AND PROPOSED ANNUAL AUDIT PLAN FOR 2013/14**

The Committee considered the exempt report of the Head of Finance on the progress of Internal Audit work during the year and reporting the opinion of the Audit and Performance Manager in respect of the effectiveness of the systems of internal control that exist within the Authority.

In response to a Member question relating to Creditors Report 5, as detailed on page 13.7 of the report, officers advised that the issues around raising orders were being addressed by the introduction of the new electronic ordering system and training that was currently being rolled out. Officers further advised, in response to a supplementary question relating to credit card expenditure, that this was closely controlled and monitored, with set limits on credit cards. Any officers purchasing goods with a corporate credit card had to complete a transaction log for credit card payments; this has resulted in the occasional credit card payment being refused.

### **Resolved**

- (1) That the Internal Audit opinion on the systems of internal control be noted.
- (2) That the annual audit plan for 2013/14 be agreed. (HF)

## **61 AUDIT REPORT**

The Committee considered the exempt report of the Head of Finance drawing Members' attention to completed audit investigations and providing an update of audit recommendations.

Officers confirmed that all items listed within appendix 4 to the report with an end date of 31 March 2013 had been completed and would therefore be deleted from the list.

In response to a Member question relating to report 5 relating to creditors, on page 14.6 of the report, officers advised that it was probably, for example, unrealistic to aim for 100% of orders being raised before goods/services were delivered as there would always be some instances when this would not be possible or appropriate. Ordering accuracy had already improved and would further improve in the new financial year with the introduction of the electronic order form system.

Officers confirmed, in response to a Member enquiry as to whether local businesses were given priority in terms of procurement, that no preferential treatment was afforded to local businesses during the procurement process; the Council always sought best value, although local businesses were invited to apply for contracts. They further confirmed that usually companies were not asked for bonds as part of the procurement process, although if appropriate, in larger contracts a bond would be included within the contract specification.

### **Resolved**

- (1) That the conclusions and results from the audits in appendices 2 and 3 be agreed.

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- (2) That the updated information on the audit recommendations, outlined in appendix 4, be agreed. (HF)

During an informal debate relating to fraud and error, Members confirmed that they regularly review reports from Internal Audit detailing where satisfactory assurance has not been achieved and refer to risks, which may include fraud risks, as well as progress with the National Fraud Initiative. In addition, they confirmed that they regularly review the effectiveness of Internal Control. It was also noted that e-learning will be used in the forthcoming year to raise awareness of fraud for staff. In addition, the new Council Tax Support Scheme will be closely monitored by Internal Audit.

The meeting closed at 8.32 pm.

Chairman .....

Date .....

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