

Audit Committee – 18 March 2008

Minutes of the meeting of the **Audit Committee** held on **18 March 2008** when there were present:-

Chairman: Cllr Mrs L A Butcher

Cllr Mrs J Dillnutt
Cllr T Livings
Cllr Mrs J A Mockford

Cllr S P Smith
Cllr D G Stansby

OFFICERS PRESENT

| | |
|---------------|---|
| Y Woodward | - Head of Finance, Audit & Performance Management |
| T Metcalf | - Audit and Performance Manager |
| J Kevany | - Principal Auditor |
| T Harper | - Senior Performance Management Officer |
| G Rawlings | - Auditor |
| S Worthington | - Committee Administrator |

107 MINUTES

The Minutes of the meeting held on 10 January 2008 were approved as a correct record and signed by the Chairman.

108 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

The Committee considered the report of the Head of Finance, Audit and Performance Management advising Members of the outcome of a review of the effectiveness of Internal Audit.

In response to a Member enquiry relating to compliance with the standards of the Code detailed under point (f) on page 8.25 of the report, officers confirmed that Members of the Committee would receive a written explanation outside the meeting as to why the standard had not been adhered to in this instance.

Responding to a supplementary question as to why the standard had only been partially met with respect to the review and updating of the audit manual to reflect changes in working practices and standards, officers advised that this was as a result of the Authority electing to adopt the standard CIPFA model, rather than developing its own manual. The department did, however, apply its own internal operating procedures to supplement the CIPFA model.

Resolved

- (1) That the satisfactory outcome of the review be noted.
- (2) That the action plan be agreed. (HFAPM)

109 AUDIT STRATEGY AND TERMS OF REFERENCE FOR INTERNAL AUDIT

The Committee considered the report of the Head of Finance, Audit and Performance Management introducing a revised Audit Strategy and Terms of Reference for Members' consideration.

It was observed that, on page 9.7 of the report, the second paragraph relating to reporting arrangements could imply a loophole in that Internal Audit, in determining which issues were of material importance, could accept issues that Members would consider more paramount. In response, officers advised that Internal Audit has a duty to raise relevant recommendations which are discussed with individual departments and that alternatives are suggested in the event of any recommendations not being practicable. In the event of non-agreement the matter would be brought before Members for a decision to be made. Line Managers would, similarly, have the right to present their views to the Audit Committee.

Resolved

- (1) That the revised Audit Strategy and Terms of Reference be approved.
- (2) That the Audit Strategy and Terms of Reference continue to be reviewed annually as part of the Annual Governance Statement report. (HFAPM)

110 ANNUAL AUDIT PLAN FOR 2008/09

The Committee considered the report of the Head of Finance, Audit and Performance Management presenting the 2008/09 Annual Audit Plan to Members for consideration and approval.

In response to a Member enquiry relating to those risks rated as high within the Divisional Risk Registers, officers advised that the few risks identified as high were those that appeared on the corporate risk register and generally were partnership-related.

In response to specific questions on the proposed annual audit plan for 2008/09, the following was noted:-

- Based on previous experience, 4 days should be sufficient time allocation to review the allocation of Elections ballot papers and to examine the postal votes procedure; there was a contingency available in the event of any problems arising.
- The Authority did not have an automatic right of access to the accounts of external organisations but this could be specified within a contract or service level agreements. Progress against the service level agreement with RAVS, for example, would be reported on to the Executive Board, and the audited accounts of Springboard would be forwarded to this Authority.

All organisations in receipt of small grants would be asked to provide copies of their accounts.

- Based on previous experience, 5 days should be sufficient for a review of notification and investigation procedures relating to housing benefit fraud procedures; the housing benefits service was extensively audited annually, which would ordinarily also cover potential fraud.
- The Council's debt recovery policy was introduced a year ago, prior to the loss of the housing division, a review of the policy was now necessary, given that the debt portfolio was somewhat smaller.

Resolved

That the 2008/09 Audit Plan be approved. (HFAPM)

111 DATA QUALITY PROGRESS REPORT

The Committee considered the report of the Head of Finance, Audit and Performance Management providing an update on the progress being made against the Data Quality Strategy and Data Quality Action Plan approved in July 2007. In response to a question, officers advised that the Council's approach to the validation of data received from third parties would be reviewed in 2008 and that the data sources to be examined would be prioritised on a perceived risk basis.

Resolved

- (1) That the results of the External Data Quality Audit of 2006/07 Performance Indicators be noted.
- (2) That the progress made against the Data Quality Strategy and Action Plan be noted.
- (3) That a Data Quality progress report be reported by the Audit Committee in September 2008. (HFAPM)

112 REVISED PARTNERSHIP GUIDANCE

The Committee considered the report of the Chief Executive introducing new partnership guidance for the Council for Members' consideration and approval.

In response to Member questions, the following was noted:-

- Key partners would annually each receive a standard letter requesting that they provide details of their terms of reference, Governance arrangements, funding arrangements and management, together with performance

management details.

- Partnerships were those involving key partners and financial commitments.
- The Council did not, as yet, have any mechanism in place in respect of more low level partnerships, but work on developing such a mechanism would take place over the next year.

It was observed that there would be merit in providing the Audit Committee with a full list of partnerships, rather than only key partnerships.

Resolved

That the revised Partnership Guidance, as set out in Appendix 1 to the report, be approved. (CE)

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 Schedule 12A of the Local Government Act 1972 would be disclosed.

113 AUDIT REPORT

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

It was noted that, with respect to report no. 1 (06/07) (1&2), these would not be completed by the end of March 2008, as there would be a need for communication to staff and staff training over the coming year.

It was further emphasised that a further report would be needed at a later date on report no. 4 (07/08) (2), as a more corporate approach was required with respect to out of hours working.

It was noted that all actions arising out of reports 12 (07/08) (1) and 12 (07/08) (3) had been implemented.

In response to a Member enquiry relating to the use of corporate credit cards, officers advised that the only minor issue to arise in this area was one of needing to reinforce to staff the procedure for raising a Marketplace order in advance of using the credit card, rather than afterwards.

Resolved

- (1) That the conclusions and results from the audits in Appendix 1 to the report be agreed.
- (2) That the updated information on the audit recommendations, outlined in Appendix 2 to the report, be agreed. (HFAPM)

The meeting closed at 8.35 pm.

Chairman

Date

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