

Audit Committee – 29 September 2011

Minutes of the meeting of the **Audit Committee** held on **29 September 2011** when there were present:-

Chairman: Cllr Mrs J A Mockford
Vice-Chairman: Cllr J P Cottis

Cllr C I Black
Cllr Mrs A V Hale
Cllr T E Mountain

Cllr R D Pointer
Cllr J Thomass
Cllr Mrs B J Wilkins

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Mrs C M Mason and I H Ward.

OFFICERS PRESENT

Y Woodward	- Head of Finance
C Cox	- Financial Services Manager/Chief Accountant
T Metcalf	- Audit and Performance Manager
J Kevany	- Principal Auditor
S Worthington	- Committee Administrator

ALSO PRESENT

R Bint	- PKF
L Clampin	- PKF
L Hine	- PKF

224 MINUTES

The Minutes of the meeting held on 8 June 2011 were approved as a correct record and signed by the Chairman.

225 PKF GRANT CERTIFICATION REPORT FOR YEAR ENDING 31 MARCH 2010 – UPDATE OF RECOMMENDATIONS

The Committee considered the report of the Head of Finance updating Members on progress to date with recommendations arising from the 'Grant Claim Certification Report for Year Ending 31 March 2010'.

Resolved

That the monitoring sheets for the external audit recommendations be agreed.
(HF)

226 PKF REPORT ON ISA 265 – INTERNAL CONTROL

The Committee considered the report of the Head of Finance outlining details of the external auditors' report on any deficiencies in internal control to those charged with governance and management in accordance with the

International Standard on Auditing 265.

In response to a Member concern about any potential harm to the Council's reputation as a result of control weakness no. 1.3 detailed on page 9.7 of the report, officers emphasised that the issue identified related to claims up to October 2010 during a period of staff shortage. However, although the claims forms referred to in the report were not signed by the Manager, all claims had been stringently checked by Finance staff. It was further stressed that all claims since October 2010, in addition to being checked, had all been appropriately signed. It was also noted that the total value of all Members' claims for 2010/11 was £4,300.

Responding to a Member question relating to the checking of mileage claims by Members, officers confirmed that relevant officers were asked to verify the duties for which mileage had been claimed.

Officers confirmed, in response to a request from the Liberal Democrat Group Leader, that details of expense claims for Members of the Liberal Group over the past two years would be sent to him.

Officers advised, responding to a Member question relating to staff expenses that these were dealt with differently; line managers had to sign any staff expense claims before these were forwarded to Finance for processing. Officers further advised in response to a supplementary question about credit cards, that any expenditure had to be agreed and signed by relevant managers before expenditure was incurred wherever possible, or as soon as possible thereafter in all other cases. Certain officers, including the Chief Executive, Heads of Service, homelessness officers, officers having to attend court proceedings and procurement staff had credit cards, the latter for the purpose of online purchases that had to be settled by credit card. Members would be advised outside the meeting of the limit on staff credit cards.

In response to a Member enquiry relating to control weakness no. 2.1 detailed on page 9.8 of the report, officers confirmed that this was being monitored on a monthly basis and that the situation was improving; it was emphasised that all orders raised had been verified as legitimate expenditure for the Authority. Officers confirmed, in response to a Member request, that in future the list of control weaknesses reported to the Committee would include details of the date on which last reported to the Committee.

Resolved

- (1) That the deficiencies in internal control, as defined in the attached report, be agreed.
- (2) That the implementation of the recommendations identified within the officer's report be monitored. (HF)

227 FINANCIAL STATEMENTS 2010/11

The Committee considered the report of the Head of Finance on the financial statements for 2010/11.

Resolved

- (1) That the financial statements be approved and signed by the Chairman.
- (2) That the movement in earmarked reserves be agreed. (HF)

228 EXTERNAL AUDIT REPORT TO THOSE CHARGED WITH GOVERNANCE

The Committee considered the report of the Head of Finance inviting Members to give consideration to the external auditors' report on the results of their audit of the Council's financial statements for 2010/11.

The external auditors emphasised that no significant fraud risk had been identified as a result of substantive testing conducted during the above audit and updated the Committee on work that had been outstanding at the time of drafting their report; a corrected appendix B will be issued to reflect this. They further confirmed that the outstanding work detailed in paragraph 3.40 of their report had now been completed.

Responding to a Member concern relating to public perception around any control weaknesses identified during the audit, the external auditors emphasised that failure in controls rarely resulted in fraudulent practices, but rather increases the risk that it could. In conclusion, the external auditors further stressed that they had concluded that the Council's accounting statements give a true and fair view of the state of the Authority's affairs and were also issuing an unqualified value for money conclusion.

- (1) That the report be noted and that implementation of any action plans be reported through the audit process.
- (2) That the Chairman of the Audit Committee sign the statement, as outlined in the officer's report. (HF)

229 PKF ANNUAL GOVERNANCE REPORT 2009/10 – UPDATE OF RECOMMENDATIONS

The Committee considered the report of the Head of Finance drawing Members' attention to the recommendations from the 'Annual Governance Report, 2009/10'.

Resolved

That the monitoring sheets for the external audit recommendations be agreed. (HF)

230 MID YEAR REVIEW OF THE COUNCIL'S CORPORATE RISK REGISTER FOR 2011/12

The Committee considered the report of the Head of Finance providing a mid year review and update of the Council's corporate risk register for 2011/12.

Resolved

That the updated corporate risk register for 2011/12 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.

231 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 advised that one of the two 'light touch' audit projects referred to in paragraph 3.3 of the report, relating to property maintenance, had now been completed.

Resolved

- (1) That the conclusions and results from the audits in appendices 2 and 3 be agreed.
- (2) That the updated information on the audit recommendations, outlined in appendix 4, be agreed.
- (3) That the proposed revision of the anti-fraud and corruption policy statement included in the audit report be formally adopted. (HF)

The meeting closed at 8.17 pm.

Chairman

Date

If you would like these minutes in large print, Braille or another language please contact 01702 318111.