

Audit Committee – 27 March 2012

Minutes of the meeting of the **Audit Committee** held on **27 March 2012** 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 Mrs C M Mason

Cllr I H Ward

Cllr Mrs B J Wilkins

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs T E Mountain, R D Pointer and J Thomass.

OFFICERS PRESENT

Y Woodward

T Metcalf

S Worthington

- Head of Finance

- Audit and Performance Manager

- Committee Administrator

ALSO PRESENT

R Bint

L Clampin

C Reed

- PKF

- PKF

- PKF

55 MINUTES

The Minutes of the meeting held on 29 September 2011 were approved as a correct record and signed by the Chairman.

56 EXTERNAL AUDITOR REPORTS AND UPDATES FOR 2010/11

The Committee considered the report of the Head of Finance drawing Members' attention to the recommendations arising from the 'Annual Governance Report, 2010/11' and also introducing the external auditors' Annual Audit Letter for 2010/11 and their grants claim certification report for 2010/11.

In response to a Member enquiry relating to the statement at the top of page 8.3 of the report, relating to UK GAAP, officers advised that, while the Council had correctly prepared the accounts under the newly introduced International Financial Reporting Standards, the asset valuations had been prepared under the previous standard, the UK Generally Accepted Accounting Practice. This had no effect on the valuations shown in the accounts.

Resolved

- (1) That the monitoring sheets for the external audit recommendations arising from the annual governance report be agreed.
- (2) That the PKF Annual Audit Letter for 2010/11 be noted.
- (3) That the grants claim certification report for 2010/11 is noted and that the implementation of the action plan be reported through the Audit Committee process. (HF)

57 EXTERNAL AUDITOR'S ANNUAL AUDIT PLAN FOR 2011/12

The Committee considered the report of the Head of Finance presenting PKF's updated annual audit plan (AAP) covering the audit of the 2011/12 accounts and grants.

Officers advised that the winning contracts for the outsourced Audit Commission external audit work had now been announced and the contracts would run for 5 years.

During an informal debate relating to fraud and error, Members advised that they were unaware of any instances of fraud within the Council. In terms of overseeing the Council's risk management, Members confirmed that the Audit Committee receives regular reports from Internal Audit on risk and detailed audits that have been undertaken, reports reviewing the effectiveness of Internal Control, as well as reports on the corporate risk register, annual audit opinion and annual governance statement.

Resolved

That the annual audit plan for 2011/12 be noted. (HF)

58 REVIEW OF THE COUNCIL'S CORPORATE RISK MANAGEMENT FRAMEWORK AND RISK REGISTER FOR 2012/13

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 2012/13.

Responding to a Member question relating to risk SR5 detailed on page 10.18 of the officer report, officers advised that this was a generic kind of risk, eg, shared services within different service areas of the Council. The risk would accordingly be detailed in departmental risk registers with detailed notes against it.

In response to a Member query relating to risk SR7a relating to the quality of data, outlined on page 10.19 of the officer report, officers emphasised the importance of the Council having good quality data on which to base its

decisions. It was because the Council has in place the necessary systems to capture good quality data effectively that the risk is a low one.

Responding to a further Member question relating to the Member Champion for Risk and Business Continuity, officers confirmed that the Member Champion had met with the Council's Senior Performance Improvement Manager last year and is sent reports on risk and business continuity. In response to a supplementary enquiry relating to the appointment of Member Champions, officers confirmed that this was dealt with annually at the Annual Council meeting in May.

Resolved

- (1) That the updated corporate risk management framework and policy and the corporate risk register for 2012/13 be approved.
- (2) That the proposal that risks rated as low are presented in a simplified form in future versions of the corporate risk register be approved. (HF)

59 DATA QUALITY AND RECORDS MANAGEMENT POLICY AND PROGRESS REPORT

The Committee considered the report of the Head of Finance providing an update on the progress made to ensure that the data the Council uses to measure its performance and inform its decision-making is of the highest quality.

In response to a Member request for a specific example of the kind of data input referred to in paragraph 3.2 of the officer report, officers advised that this related primarily to performance indicators. A lot of data is pre-set within the CorVu system, eg, population data, and set formulae are within the system to make it as easy as possible for accurate data to be inputted. Officers emphasised that there was zero tolerance for errors in data; checks were made for any obvious minor errors.

Resolved

- (1) That the results of the 2010/11 data quality work be noted.
- (2) That the ongoing data quality activity be approved.
- (3) That the revised data quality and records management policy 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 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.

The following updates on appendix 4 to the officer report were noted:-

- Report No. 18, (10/11) item 9 – This action will not be completed by the specified end date but is delayed until an internal review of Marketplace processes has taken place.
- Report No. 18, (10/11) item 10 – This has been completed and can therefore be deleted.
- Report No. 22, (10/11) item 1 – Date for completion is 30 June 2012.
- Report No. 30, (10/11) item 1 – Date for completion should be amended to 31 July 2012.
- Report No. 2, (11/12) item 1 – It was noted that a mini review, rather than competitive tendering process would be taking place, as it was difficult to obtain a competitive market for this; however, the lowest possible price would be sought, wherever possible.
- Report No. 2, (11/12) item 2 – Revised end date of 30 April 2012.
- Report No. 2 (11/12), item 3 – a working group has been set up to look at this process in more detail.

Officers advised, in response to a Member question relating to segregation of duties, that an officer raising a particular order on the Marketplace system was not able to authorise the same purchase order; there was clear segregation. Audit officers monitored for any signs of collusion between officers in terms of raising and authorising orders, however there were other controls also in place.

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. (HF)

The meeting closed at 8.15 pm.

Chairman

Date

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