

Audit Committee – 10 December 2013

Minutes of the meeting of the **Audit Committee** held on **10 December 2013** when there were present:-

Chairman: Cllr T E Mountain

Cllr C I Black

Cllr Mrs L A Butcher

Cllr J D Griffin

Cllr B T Hazlewood

Cllr Mrs C E Roe

Cllr D J Sperring

Cllr I H Ward

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Mrs A V Hale and Mrs J A Mockford.

OFFICERS PRESENT

Y Woodward - Head of Finance

T Metcalf - Audit and Performance Manager

J Kevany - Principal Auditor

S Worthington - Committee Administrator

251 MINUTES

The Minutes of the meeting held on 24 September 2013 were approved as a correct record and signed by the Chairman.

252 EXTERNAL AUDITOR REPORT UPDATES FOR 2012/13

The Committee considered the report of the Head of Finance providing details of progress against the recommendations arising from the Annual Governance Report 2012/13.

Responding to Member questions relating to the method of testing financial processes, detailed on page 7.2 of the report, officers confirmed that this was done by means of sample testing done on a monthly basis re-checking authorisation of invoices and internal transfers relating to receipts; an initial audit would be done at the beginning of the year, then re-visited later in the year.

Officers advised, in response to further Member queries relating to staffing numbers within Payments and Income, that the size of the team was not uncommon for a small Local Authority; the risk was a low one as invoices had to be matched to authorised purchase orders. The team had been re-structured in August and it was considered that the benefit of increased team resilience and cover that the re-structure had provided far outweighed this relatively low risk.

In response to a Member question relating to the impact on financial statements of errors within the Marketplace log, officers explained that initial

orders were raised via the Marketplace purchasing system and entered onto the Marketplace log. At the end of the year accruals were made for sundry creditors, but there were instances of late invoices coming in for different amounts to those raised on original Marketplace purchase orders.

Officers confirmed that a report updating Members on progress would be made to the March meeting of this Committee.

Resolved

That the monitoring sheet for the BDO recommendations arising from the Annual Governance Report 2012/13 be agreed. (HF)

253 ANNUAL AUDIT LETTER FOR 2012/13

The Committee considered the report of the Head of Finance summarising the work carried out by the external auditors in respect of the year ending 31 March 2013.

The following responses to Member questions were noted:-

- Within the financial statements the external auditors had highlighted that accruals for income should be stated within the relevant financial year.
- The reclassification and overstatements detailed at the beginning of page 3 of the BDO report appeared on the wrong line of the balance sheet; the errors listed on page 3 of the report largely related to technical accounting errors.
- Local Authority capital accounting was very complicated, however during 2012/13 capital accounting went more smoothly than in previous years.
- The change in the amount of audit fees was attributable to an Audit Commission error in its original fee calculations.

Resolved

That the Annual Audit Letter for 2012/13 be noted. (HF)

254 PROGRESS ON THE 2013/14 INTERNAL AUDIT PLAN

The Committee considered the report of the Head of Finance providing details of proposed changes to the internal audit plan for 2013/14.

In response to a Member question relating to staffing levels within Internal Audit, officers advised that within the organisation risks are owned by individual service areas, rather than by Internal Audit.

Member concern was noted in respect of the decrease in the number of audit days allocated to proactive checks, although officers advised that there could be the possibility of increasing this allocation if there was a need to do so at any stage.

Resolved

That the revised audit plan for 2013/14 be agreed. (HF)

255 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Committee considered the report of the Head of Finance providing details of the Council's level of compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) checklist with respect to the Public Sector Internal Audit Standards (PSIAS).

Officers confirmed, in response to a Member enquiry relating to paragraph 2.1 of the report, that engagement planning was audit planning.

Responding to a Member question relating to the ticked boxes in appendix 1 to the report, officers advised that a full response, with quantified statements was required, which could, depending on the issues, result in all three boxes being ticked.

In response to a Member query about the final statement on item 1130 in appendix 1, officers advised that the CIPFA checklist was sent to all Councils to complete and there would undoubtedly be some items on the list with which all Councils would not be compliant, however Councils would strive to attain all the standards.

Resolved

- (1) That the Audit Charter be agreed.
- (2) That the new Public Sector Internal Audit Standards be accepted.
- (3) That the approach to reviewing the new PSIAS and the action required to address the key areas of non compliance be agreed. (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.

256 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 they would provide Cllr Mountain with information as to the effectiveness of the hotline referred to under B.9 on page 12.15 of the report, outside the meeting. Officers further confirmed that an update providing further details on unfounded malicious allegations and on record keeping associated with the hotline would be provided at a future meeting of the Committee.

Resolved

- (1) That the conclusions and results from the audit engagement in appendix 2 be agreed.
- (2) That the anti-fraud and corruption policy attached to the audit report as appendix 3 be approved and adopted by the Council.
- (3) 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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