

AUDIT COMMITTEE
Tuesday, 18th June 2013

PRESENT – *Councillors Sidat (in the Chair); Riley, Kay and Browne.*

APOLOGIES – *Councillors Khonat and Rigby.*

ALSO PRESENT

Karen Murray	– Director at Grant Thornton (District Auditor)
Liz Hall	– Director of Finance
Paul Cutner	– Head of Financial Services
Colin Ferguson	– Audit and Assurance Manager
Paul Hankinson	– Audit and Assurance Manager
John Addison	– Principal Scrutiny Officer

RESOLUTIONS

1 Minutes of the meeting held on 16th April 2013

The minutes of the meeting held on 16th April 2013 were agreed as a correct record.

2 Declarations of interest

There were no declarations of interest.

3 External Audit's Report Update

The Council's External Auditors provided the Committee with a report on the current position of their work as of June 2013. Members were informed that the External Auditors' work on the 2012/13 audit was now complete. The External Auditors reported that they had found no significant risks to bring to Members attention through their work.

RESOLVED:

That the report on External Audit's progress report be noted.

4 Treasury Management Report – March 2013 to May 2013

The Head of Financial Services provided Members with a report on the Council's Treasury Management function.

The report summarised the interest rate for the quarter, borrowing and lending transactions undertaken and the Council's overall debt position. It also reported on the position against the Prudential Indicators established by the Council.

RESOLVED

That the Committee note the report.

5 Audit & Assurance – Progress & Outcomes to May 2013

The Audit & Assurance Manager submitted a report which updated the Committee on progress and outcomes against the Audit & Assurance Plan 2012/13 in terms of outcomes achieved for the first quarter of the financial year.

The report focused on a number of key areas in Audit & Assurance, in particular:

- Counter Fraud Training
- Demand Management
- IT Resilience
- Insurance
- Risk Management

RESOLVED

That the Committee note all outcomes achieved by May 2013 against the Audit & Assurance Strategy and Plan, which was approved by Committee in April 2013.

6 Strategic Risk & Resilience Forum Annual Risk Management Report 2012/13

The Audit & Assurance Manager informed Members that as part of the Corporate Risk Management Strategy there was a requirement to produce an annual report for the Audit Committee on the risk management arrangements in place within the Council.

It was reported that the Strategic Risk & Resilience Forum Annual Risk Management Report provided the Audit Committee with a summary of risk management activity that has taken place across the Council over the year ended 31 March 2013.

Members were informed that the report covered work on corporate and departmental risk management, emergency and business continuity planning, event, information governance and insurance. It was noted that it outlined risk management policies and practices now in place and the key developments or issues that would be addressed during the coming financial year. It also included the outcome of the exercise to test the corporate business continuity plan and the action plan from the

results of the Business Continuity Health Check carried out by Zurich Municipal in March 2013.

RESOLVED

That the Committee note the report.

7 Audit & Assurance Opinion Report for 2012/13

The Audit & Assurance Manager presented a report on Internal Audit's overall opinion on the effectiveness of the control environment in the financial year 2012/13.

It was reported that the overall opinion, taken from Audit & Assurance's work in 2012/13, was that the Council's control environment was adequate in its effectiveness.

RESOLVED –

That the following matters be noted:

- 1) In presenting this opinion, the Joint Acting Heads of Audit & Assurance have followed the Code of Practice for Internal Audit in Local Government in the United Kingdom (the Code), which applied up to 31 March 2013.
- 2) This report forms part of the sources of assurance to support the Annual Governance Statement (AGS).
- 3) Our opinion on the overall adequacy of the Council's control environment is that, overall, there is an adequate level of controls in place and that, in general, those controls identified have been complied with in practice.
- 4) The most significant qualifications to this opinion during 2012/13 are in respect of the following areas:
 - Debtors (compliance);
 - IT Operating Systems (control environment);
 - Information Governance (control environment);
 - HAMIS (compliance);
 - Private Care Homes Payments (compliance);
 - CRB process (control environment);
 - Health & Safety (compliance);
 - Foster Care Payments (control and compliance);
 - Capita Partnership Governance (compliance).

In each case noted above, action plans have been agreed with management to address the issues identified from the results of the audit work performed. The implementation of the agreed recommendations is monitored on an ongoing basis as part of the Audit & Assurance Strategy and reported to subsequent meetings of the Audit Committee. All these

areas will be subject to further follow up reviews as part of the 2013/14 audit plan.

8 Annual Governance Statement for 2012/13

The Director of Finance provided the Committee with the Annual Governance Statement (AGS) for 2012/13. The report recognised that, there would always be risks that it must manage effectively and that whilst due diligence would not always ensure that it gets things right first time, it continued to put in place assurance frameworks that were intended to ensure that its systems of governance are fit for purpose and have the flexibility to meet the challenges that the Change Agenda brings.

It was reported that the Resources Directorate had continued to promote the Council's strategic approach to governance and assurance. The developments in governance, continuing from those in 2011/12, included:

- Further development of the Management Accountabilities Framework (MAF) to reduce duplication and more closely link risk management and MAF reporting.
- Continuing the promotion of a culture of zero tolerance towards fraud via the roll out of an e-learning fraud awareness package for all staff and the ongoing participation in the National Fraud Initiative.
- Continuing embedding of information security awareness through an e-learning toolkit, training for staff, the publication of guidance via the intranet and revision of the Acceptable Use Policy.
- Ongoing work to implement the information governance strategy and related policies and procedures.
- Completion of annual Directors certificates to support the Governance Statement.
- Continuing review and amendments to the Constitution.
- Development of Business Continuity and Risk Management including an independent health check by Zurich Municipal and review of Corporate Risk Register.
- Strengthening of the insurance claims system through implementation of specialist claims management software.
- Revision of the Medium Term Financial Plan and Capital Programme.
- Scrutiny of the transformation programme by the Transformation Board.
- Implementation of a Partnership Governance Toolkit.

- Revision of the Equality Impact Assessment Toolkit and continuing Training Programme.
- Review and revision of the Corporate Plan.

RESOLVED

That the Annual Governance Statement be approved.

9 Response to the External Auditors request for information

The Audit & Assurance Manager presented to Members a summary of how the Audit Committee gains assurance, as ‘those charged with governance’, from management in order to fulfil its responsibilities in relation to the financial reporting process.

Members were informed that the Council's external auditors, Grant Thornton, were obliged to comply with the International Standards on Auditing (UK and Ireland) (ISAs).

It was noted that Grant Thornton had specific responsibilities, under these ISAs, to communicate with the Audit Committee on matters which should be communicated. To support their work, the Audit Committee had been asked to provide information on how it gains assurance from management in order to fulfil its responsibilities in respect of the financial reporting process.

It was further noted that Grant Thornton were required to obtain an understanding of the management processes and the Committee's oversight on the following areas in respect of the year ended 31 March 2013.

- Fraud;
- Laws and regulations; and
- Going concern.

It was reported that an appendix attached to the Agenda, set out a series of questions from Grant Thornton in respect of each of the above areas and provided the management response in each case, for consideration by the Committee.

RESOLVED

That the report and appendix A be approved.

Signed
Chair of the meeting at which the Minutes were signed
Date