

## **Minutes of a meeting of the Audit Committee held on 19th March 2013 from 7.00 p.m. to 8.20 p.m.**

**Present:** Andrew Lea (Chairman)  
Bruce Forbes (Vice-Chairman)

Simon Banham                      Heidi Brunsdon  
Stephen Barnett                      Sue Seward

**Also Present:** Councillor Jonathan Ash-Edwards.

**Also in Attendance:** Helen Thompson from Ernst & Young.  
Steve Connors and Ben Durrant from Haines Watts, Internal Auditors.  
Peter Stuart, Head of Finance and ICT and Section 151 Officer.  
Tom Clark, Solicitor to the Council.

### **26. SUBSTITUTES AT MEETINGS OF COMMITTEE – COUNCIL PROCEDURE RULE 4**

The Committee noted that there were no substitutes in accordance with Council Procedure Rule 4 – Substitutes at Meetings of Committees etc.

### **27. APOLOGIES FOR ABSENCE**

None.

### **28. DECLARATIONS OF INTEREST**

None.

### **29. MINUTES**

The minutes of the meeting of the Committee held on 27th November 2012 were agreed, subject to the addition of the following text at the end of paragraph 4: “a Member asked the Head of Finance if there would be a negative impact and future detriment to the Council if we did not invest in Santander. The Head of Finance replied that there would be none for the foreseeable future.

The Head of Finance pointed out that, if Members were minded to make the recommendation, Santander UK included Abbey National and the Alliance and Leicester”.

### **30. EXTERNAL AUDIT BUSINESS**

The Committee received the 2012/13 Audit Plan; the Annual Report for the certification of Claims and Returns and the Letter of Management Assurance.

Helen Thompson from Ernst and Young introduced the Audit Plan for 2012/13 and highlighted the risks which she had identified. She also referred to the Claims and Returns which sets out the work that has been done and confirmed that no particular concerns have been raised.

Ms. Thompson then referred to the Letter of Management Assurance and the Audit Process which detailed the work which is programmed to be carried out and would be reported to Committee in September. She also referred to fees and assumptions and in response to a question from a Member she reported how the audit fee is calculated.

Members sought clarification on a number of points within the 2012/13 Audit Plan to which Ms. Thompson responded.

The Head of Finance, ICT and HR outlined the process with regard to the draft response to the Management Assurance Letter. He, in consultation with the Chairman of the Committee would draft up a response and circulate it to all Members for comments and this would be discussed and agreed at the next meeting of the Committee.

### **RESOLVED**

That:-

- (1) the 2012/13 Audit Plan be noted;
- (2) the Annual Report for the certification of Claims and Returns be noted; and
- (3) the Head of Finance be delegated to draft a response to the Management Assurance letter in consultation with the Chairman of the Audit Committee.

### **31. STATUS REPORT ON ACTION PLAN OF AUDIT RECOMMENDATIONS**

The Committee received a report on progress being made in implementing the recommendations.

The Head of Finance reported on progress to date with Recommendations 3, simplifying and automating the process for updating the cash and bank system and 6, reconsidering the current approach to producing the cash flow statement.

One Member referred to Recommendation 3 and asked whether there has been any significant impact on Members, Officers or Auditors by not using a computer automated reconciliation system, rather than the manual process being adopted. The Head of Finance explained that the authority is smaller than it used to be, there is a reduced head count and services have been maintained and the system in place seems to be working well. He was therefore not minded to risk this stability and was content to continue with the current system in place.

In response to a question, the Head of Finance referred to Recommendation 1, the impact on componentisation and confirmed that there had been no real changes to the valuations. With regard to Recommendation 5, it was not intended that the occurrences of the previous year would be repeated.

### **RESOLVED**

That the Action Plan of Audit Recommendations be noted.

### **32. INTERNAL AUDIT – MONITORING REPORT 19th MARCH**

Ben Durrant, Audit Manager, introduced the report and informed the Committee that

there are no outstanding recommendations to report. He referred Members to Appendix 1, which showed progress against the 2012/13 Internal Audit Plan as at 19th March 2013.

The Chairman referred to paragraph 4.5 of the report, and welcomed the outcome of the policies and procedures audit. The Chairman requested that a copy of the audit be e-mailed to all members of the Committee.

### **RESOLVED**

That the Committee notes the Internal Audit Monitoring Report.

### **33. INTERNAL AUDIT – 2012/13 RECOMMENDATIONS**

Ben Durrant, Audit Manager, introduced the report and referred Members to Appendix A, the Progress Report on the types of recommendations raised across all of the audits completed during 2012/13 to date.

One Member raised the question of system errors that were the subject of recommendations and asked whether a report could be brought back to this Committee on this subject. The Chairman asked whether this would be too resource intensive and Steve Connors confirmed that it could be added to the next Internal Audit report. The Head of Finance confirmed his agreement with this suggestion.

### **RESOLVED**

That:-

- (1) the Internal Audit 2012/13 Recommendations be noted; and
- (2) that an item on system errors forming recommendations form part of the next Internal Audit Report.

### **34. INTERNAL AUDIT – ANNUAL INTERNAL AUDIT PLAN 2013/14**

The Committee received a report on work proposed for 2013/14.

One Member asked when the Waste Management Contract was last considered and the Internal Audit Partner confirmed that he did not know, but he would reply later with a definitive answer. The Member also asked when the new Council Tax Benefit scheme would be considered, together with its impact upon the collection rate. The Audit Partner confirmed that, as the Council Tax Support Scheme does not come into effect until 1st April 2013, the impact on collection will not be known until well into the financial year. The situation is on-going so it is likely that Internal Audit will be looking at this item in September as part of the regular audit.

The Internal Audit Partner confirmed that it was likely that Fundamental Systems would be looked at in either December 2013 or January 2014.

One Member referred to paragraph 5.3 of the report and asked whether it was beneficial for this to be considered on a cyclical basis. The Internal Audit Partner confirmed that CIPFA guidelines and a consistent set of processes are worked to and that regular meetings with the CenSus partners are held. Census Managers benefit from receiving only one report on each service rather than three as formerly.

**RESOLVED**

That the detailed Internal Audit Plan for 2013/14, as shown in Appendix A to the report, be noted.

Chairman.