



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 18th March 2013

PRESENT : Cllrs. Noakes, Wood, Gilson and Llewellyn

Others in Attendance

Darren Gilbert, KPMG LLP

Tara Westcott, KPMG LLP

Peter Gillett, Corporate Director of Resources

Terry Rodway, Group Manager, Audit and Assurance

Kevin Buckerfield, Interim Finance Change Manager

Sue Mullins, Monitoring Officer and Group Manager Legal and Democratic Services

Tony Wisdom, Democratic Services Officer

APOLOGIES : Cllrs. Hobbs, McLellan and Porter

6. DECLARATIONS OF INTEREST

No declarations were made on this occasion.

7. MINUTES

The minutes of the meeting held on 26th November 2012 were confirmed and signed by the Chair as a correct record.

Matters arising from action sheet

Minute 29 Fixed Asset Register

The Interim Finance Change Manager advised that a new Cedar system would be introduced on 1st October 2013 and was being tested. The Fixed Asset Register would be maintained as a spreadsheet until that date when it would be transferred to Cedar.

Councillor Wood asked that this matter be maintained as a rolling agenda item.

Minute 20 Service Risk Registers

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The Group Manager Audit and Assurance reported that registers had been received from Finance and Human Resources. Work had started on the outstanding registers from Asset Management and Catering which had been late starting due to changes of managers in those services. He would be ensuring that the 2013-14 registers were in place and GLT would be ensuring that the registers linked to the business plans.

Councillor Wood asked that this matter be maintained as a rolling agenda item.

Minute 17 Combined Heat and Power Installation

The Corporate Director of Resources advised that a report was under review and the KPMG energy report had been most helpful. He noted that the installation would be closely monitored as part of the Council's energy plan and the Corporate Director of Services and Neighbourhoods was in discussions with Property Services Staff.

Councillor Noakes stated that this item should have a revised date and therefore not be classified as red.

Minute 17 Purchase of stock control software for the Guildhall

The Corporate Director of Resources advised that a business case was now being prepared for a general IT system for the Guildhall which included a stock control facility. The Corporate Director of Services and Neighbourhoods was dealing with this matter due to the vacancy for the Guildhall Manager post.

Councillor Wood thanked Officers for the information and the useful commentary on the green and amber items but questioned the lack of information on the red items.

8. MINUTES OF THE SPECIAL MEETINGS

The minutes of the Special Meeting held on 26th February 2013 and the non-exempt minutes of the Special Meeting held on 28th February 2013 were confirmed and signed by the Chair as a correct record.

9. PUBLIC QUESTION TIME

There were no questions from members of the public.

10. PETITIONS AND DEPUTATIONS

There were no petitions or deputations.

11. CERTIFICATION OF GRANTS AND RETURNS 2011/12

Tara Westcott presented the report which outlined the certification of grants and returns for 2011/12 undertaken by the Council's external auditors. She advised

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Members that unqualified certificates had been issued in respect of National Non Domestic Rates and Pooling of Housing Capital Receipts.

The Housing Benefit and Council Tax Benefit Scheme had received a qualified certificate due to two very minor errors of £78 and £51 respectively. Ms Westcott advised that the Housing Subsidy Final Grant had been completed since the preparation of the report. It had received a qualified certificate due to a detail on the opening balance. She drew Members' attention to the recommendations on Page 6 of the report.

Mr Gilbert advised Members that the fee charged was low compared to other authorities of a similar size. The amount of work was dictated by a fixed level sampling regime wherein the discovery of one error would require a further 40 samples to be tested.

Councillor Wood asked when the final fee would be known. Mr Gilbert advised that it would not be a significant increase and the Corporate Director of Resources undertook to advise Members when the final fee was known.

RESOLVED that the Certification of Grants and Returns 2011/12 be noted.

12. EXTERNAL AUDIT PLAN 2012/13

Mr Gilbert introduced the report which detailed how the Council's auditors (KPMG LLP) intended to deliver the financial statements work for the Council and their approach to Value for Money work for 2012/13. He noted the key risk areas which would the audit would focus on during the 2012/13 audit and drew Members' attention to the confirmation of independence and objectivity detailed on page 11 of the report.

The Chair noted that the Committee was aware of the challenges surrounding the signing off of the 2011/12 accounts and would be closely monitoring the situation to ensure there would be no repetition. He questioned the use of offshore resources on Page 10.

Mr Gilbert advised that the KGS audit team in India were used for fairly basic tasks and the use of offshore resources was common practice to make the audit process more cost effective. He emphasised that data was totally secure as the KGS team accessed the KPMG United Kingdom IT environment. He would be happy to provide further information if required.

The Chair thanked Mr Gilbert for the report.

RESOLVED that the External Audit Plan 2012/13 be approved.

13. ANNUAL AUDIT FEE 2012/13

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Mr Gilbert introduced the Annual Audit Fee 2012/13 letter and advised Members that he could not, at this stage, confirm that the planned fee for 2012/13 would be sufficient to deliver KPMG's audit responsibilities.

The Corporate Director of Resources noted the importance of the right level of scrutiny of improvements to secure good governance. He noted the critical importance of Internal Audit and their relationship with the external auditors.

RESOLVED that the Annual Audit Fee letter be noted.

14. 2012/13 STATEMENT OF ACCOUNTS ACTION PLAN

The Corporate Director of Resources introduced the item which provided the Committee with details of progress on the recommendations of the ISA 260 report which formed the on-going Financial Services improvement plan. He noted that a vast amount of work was underway and a number of recommendations had been completed and closed.

He advised that GLT had approved the proposed changes to the E-procurement system (item 5) and the process note on journal reporting (item 11) had been completed and the knowledge shared. The majority of items were closed or amber with the exception of Revenue Reconciliation (item 6).

Mr Gilbert noted that the items could be cleared before year end but thorough reconciliation provided a 'back stop' to the accounts.

The Chair expressed concern that the amber items could impact on the current year's accounts and was advised that Financial Services were aware and would ensure the year end figures were correct.

Councillor Wood noted that item 6 should not be red if the 30th June target would be met and suggested that it should only be designated amber if Members were advised in May that the target may not be met.

Councillor Noakes requested that the first column should be retained together with the date of closure for Members' information. She suggested the use of a blue or grey coding for such items.

The Interim Finance Change Manager advised that accounts for the months of October and November had been closed, December would be finalised this week and January and February were due for completion next week.

The Corporate Director of Resources suggested that the update be presented to the Overview and Scrutiny Committee together with monthly updates.

Councillor Wood believed that the Audit and Governance Committee should retain ownership of the recommendations.

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The Interim Finance Change Manager advised Members that the 2013/14 base budget was on Cedar together with the identified savings. Monthly meetings would be held with service managers to monitor progress.

RESOLVED that the 2012/13 Statement of Accounts Action Plan update be noted.

15. INTERNAL AUDIT - QUARTERLY MONITORING REPORT

The Group Manager Audit and Assurance presented the report which provided the outcomes of internal audit work completed as part of the revised Internal Audit Plan 2012/13. He noted that 55 per cent of the work had been completed compared to a target of 90 per cent and advised Members that this had been due to staff absence. One member of staff was on maternity leave and another had been dealt with through the sickness management policy.

The Chair asked if the recent investigatory work had impacted on the level of achievement and the Group Manager advised that not much of his time was allocated to planned audit work.

The Chair expressed concern at the limited assurance on the reporting of treasury management to Members. The Corporate Director of Resources advised that the reports could be presented to this Committee and he noted that the Interim Finance Change Manager was updating the Treasury Management Strategy and he could include reference to presentation of reports to this Committee.

Councillor Wood believed that the team had performed well in the circumstances and he suggested that a representative from Markets be invited to the Committee. The Chair concurred.

Councillor Wood suggested that the Committee should see some of the action plans produced by service managers following internal audits. He was advised that such reports were not in the public domain but could be provided to the Chair and Vice Chair at the informal briefings with a view to identifying which should be presented to the Committee.

RESOLVED that the Internal Audit Quarterly Monitoring report be noted.

16. INTERNAL AUDIT PLAN 2013/14

The Group Manager Audit and Assurance introduced the report which detailed the proposed Internal Audit Plan for 2013/14. He outlined the processes involved in drawing up a risk based plan based on the current establishment of 2.6 full time equivalent staff which would provide 560 days available for audit.

Councillor Llewellyn, Cabinet Member for Performance and Resources, believed that the Plan would provide a good way forward.

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In answer to a question from the Chair, the Group Manager Audit and Assurance confirmed that the planned contingency was greater than last year.

RESOLVED that the Internal Audit Plan 2013/14 be approved.

17. ANNUAL COMPLAINTS MONITORING

The Monitoring Officer presented the report and circulated a revised Appendix 2 which provided details of complaints received by the Council between April 2012 and January 2013. She advised that a report covering the full year to 31st March 2013 would be presented to the June meeting.

The Chair asked for details of Ombudsman complaints and the Monitoring Officer undertook to look into the matter but advised that the annual letter from the Ombudsman which was previously reported to the Standards Committee would be presented to this Committee in future.

The Corporate Director of Resources noted that the Overview and Scrutiny Committee would receive regular performance monitoring reports.

The Chair requested that the Committee receive an annual report of complaints received at the June meeting each year.

RESOLVED that

- a) the complaint statistics at Appendices 2 as revised and 3 be noted; and
- b) future annual complaints reports be presented to the first meeting of the Audit and Governance Committee in each municipal year.

18. EXCLUSION OF PRESS AND PUBLIC

RESOLVED that the press and public be excluded from the meeting during the following item of business on the grounds that it is likely, in view of the nature of business to be transacted or the nature of the proceedings, that if members of the press and public are present during consideration of these items there will be disclosure to them of exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended.

19. MINUTES OF SPECIAL MEETING - EXEMPT ITEMS

The exempt minutes of the Special Meeting held on 28th February 2013 were confirmed and signed by the Chair as a correct record.

20. DATE OF NEXT MEETING

Monday 24th June 2013 at 6.30 pm.

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Time of commencement: 18:30 hours
Time of conclusion: 19:42 hours

Chair