

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 19 DECEMBER 2012 AT COUNCIL CHAMBER - COUNCIL OFFICES, MONKTON PARK, CHIPPENHAM, SN15 1ER.

Present:

Cllr Richard Britton, Cllr Nigel Carter, Cllr Peter Doyle, Cllr George Jeans, Cllr David Jenkins, Cllr Julian Johnson, Cllr Alan MacRae, Cllr Mark Packard, Cllr Sheila Parker (Vice Chairman), Cllr Pip Ridout, Cllr Jane Scott OBE and Cllr Roy While (Chairman)

13 Apologies and Membership Changes

Apologies were received from Cllrs John Brady, Mark Griffiths and Helen Osborn.

14 Chairman's Announcements

There were no Chairman's announcements.

15 Minutes of the Previous Meeting

The minutes of the meetings held on 7 September 2012 and 19 September 2012 were presented, and it was,

Resolved:

To approve the minutes as a true and correct record.

16 Members' Interests

There were no declarations of interest.

17 Public Participation and Committee Members' Questions

The Committee noted the rules on public participation. There were no submitted questions or statements.

18 **Annual Audit Letter**

The Committee considered the Annual Audit Letter issued by the Council's external auditor – KPMG, for 2011/12.

Darren Gilbert, Senior Manager KPMG, explained that the report summarised the key findings from the 2011/12 audit of the Council and that all the findings had been discussed in previous Audit Committee meetings. He added that the reports reflected another significant improvement in the Council's control environment.

Michael Hudson, Service Director of Finance explained that officers were in the process of actioning recommendations and the Committee would receive an update on progress in the final quarter of 2011/12.

Headlines from the report were;

- VFM conclusion – Unqualified value for money (VFM) conclusion was issued in September 2012.
- Audit opinion – Unqualified opinion on financial statements issued in September 2012.
- Financial statements audit – The Council has sound financial reporting arrangements and the financial statements audit progressed smoothly. The Council has implemented all of the recommendations in the KPMG ISA 260 Report 2010/11 relating to financial statements
- Annual Governance Statement – Consistent with KPMG's understanding.
- Pension fund audit – No significant issues and an unqualified opinion was issued.
- Certificate – Issued on 7 September 2012.
- Audit Fee – £402,760 excluding VAT.

The Chairman thanked Darren for his report.

Resolved

To note the content of the report.

19 **Internal Audit Quarterly Update**

The Committee considered the report of Michael Hudson, Service Director of Finance, and Internal Audit (IA) on the most recent quarterly update for 2011/12.

The report summarised (i) the outcomes of audits completed during the period, (ii) the results and outcomes of follow-up reviews carried out during the period, and (iii) an update on the delivery of the 2012/13 Internal Audit Plan.

Dave Hill, Group Audit Manager led the committee through the main points of the report. The Service has started 96 audits – 63 had been completed, 8 were in draft and 35 were in progress. Of the 35 audits 17 related to audits carried forward from 2011/12 of which 14 were complete, 2 deferred and 1 at draft stage. He also explained that based on the work completed to date in the current financial year, that risks were generally well managed and the systems on internal control were working effectively. Management responded positively to IA suggestions for improvements and corrective action was often taken quickly wherever it was possible or practical.

Dave explained that IA were working on improving the number of final reports being issued within 10 working days of a discussion of the draft report. It was noted that final reports were produced on average within 17 days. Members were also informed that only 82% of customer satisfaction questionnaires were returned and David highlighted the importance to IA of the comments and feedback received from clients. Members suggested that in future all questionnaires must be returned to IA.

Barrie Pirie, Service Director, HR and Organisational Development welcomed the report from IA on Sickness Absence. He explained that it was encouraging to be engaged with the audit process to identify current and future risks. The outcomes of the IA report did not raise any unknown issues and the information contained in the report would be used to improve processes of reporting and that the action plan would deliver improvements to the service.

Paul Loach, Head of Service, HR Operations highlighted how HR provided help for Managers including practical guides, up-to-date policies, training- including training on the SAP system, running manual handling and stress management courses and case reviews. He explained that appropriate resources were to be reallocated with HR to tackle sickness absence.

Members in considering the report in detail raised the following points:

- the need for table column headers for each page of Appendix B of the report
- Questions about Contract Management and Category Management and assurances that the recommendations and controls suggested by IA had been accepted and integrated within a long term plan for the service. It was suggested that Category Management could be linked with System's Thinking, Property Management and Campus provision
- A Partial opinion received for the audit on IT Infrastructure. Additional work was currently being undertaken and a further update on this issue would be available at the Committee's next meeting in March 2013
- Officers confirmed that the proposed start dates for audits due to be undertaken in January-March 2013 were agreed with clients as part of

the initial meeting process with IA. However, it was noted that the information contained in Appendix B was a 'snap shot in time' and it was subject to change depending on when meetings were held.

Members were assured that even where a start date had not been agreed between IA and a client a lot of work had already taken place. The Service Director of Finance referred to examples of this in Appendix B. Members suggested that, for future reports, the Appendix should include information on the reasons why a start date had not been agreed

- There was some concern about the negotiation with clients with regard to the start date of an audit, as it was felt that slippages could start to enter into the process. Officers explained that experience indicated that the best audits were undertaken when IA were working with the client rather than dictating when certain parts would be carried out. However, audits were imposed on clients when IA were concerned about a certain situation
- Members noted that IA were very busy undertaking many audits throughout the year and suggested that a Task Group be established to look in detail at the processes for undertaking an audit and the level of detail required in Committee reports, reporting back to the Audit Committee with assurances of how the process works, and feeding into specific training for Members of the Committee. The suggestion was welcomed by the Service Director of Finance
- The Service Director of Finance explained that the Corporate Procurement Unit was being restructured and that issues were being looked at. He confirmed that procedures were in place for the Contract Register. Spot checks and verification work would be a part of the restructured Unit, and that the emphasis of the team was changing to accommodate service need.
- Members spoke about the importance of receiving information in reports to Committee on the outcomes of IA reports and felt that the Management responses contained in reports were too general. The Service Director of Finance explained that the recommendations and actions proposed by IA were paraphrased in the reports to Committee and that there was a lot of additional detail contained in the IA report.
- The Service Director of HR and Organisational Development explained that managers monitored the theme's of sickness absence in many ways, including through quarterly workforce reports which highlighted key information and themes, reporting information to Cabinet, Staffing Policy Committee, Scrutiny and officer meetings to target issues raised in the reports.

- Allison Bucknell, Portfolio Holder - Customer Care, Staffing and Equality & Diversity, reported that the Staffing Policy Committee considered reports on sickness absence and that the main issues raised in reports related to stress and skeletal/back problems
- It was noted that the language used for partnerships was too general and it needed to accurately reflect the work of the Council. The Leader of the Council was concerned that any work did not adversely affect partnership working that developed in a non contractual way
- Members spoke about the way the Council works with partners including the Police and Crime Commissioner and the Health and Wellbeing Board. It was suggested that where relationships exist protocols needed to be reviewed and there was a role for the Overview and Scrutiny Management Committee, and it was noted that the future success of the partnerships depended on how they were nurtured and developed
- It was suggested that a briefing note on the general nature of strategic partnerships across the Council would be of benefit to Members

The Chairman summed up the issues that the Committee wished to see included in the work of the Task Group and included in the proposed training session. The issues were:

- The appreciation of how audits were undertaken by looking at one or two final audit reports
- Questionnaires being returned by clients
- The scheduling of start dates for audits
- The Committee being assured of action taken by outcomes being included in future reports and the type of information required by Members to be assured
- Extracting information from sickness absence reports

The Committee thanked Service Director of Finance and IA for the vast amount of information provided to Members which allowed for a full debate and targeted questioning of officers.

Resolved:

- a) That the findings from the Internal Audit's audits to date be noted
- b) That the changes to the audit plan, set out in Appendix B of the report relating to the deferral of certain audits be confirmed.

20 **Forward Work Programme**

Resolved:

That the Committee's Forward Work Programme for December 2012 to March 2013 be noted.

21 **Date of next meeting**

The next meeting will take place on 20 March 2013, in the Council Chamber, Monkton, Chippenham starting at 10:30am.

22 **Urgent Items**

(Duration of meeting: 10.30 am - 12.45 pm)

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