AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 17 SEPTEMBER 2013 AT COUNCIL CHAMBER - COUNCIL OFFICES, MONKTON PARK, CHIPPENHAM, SN15 1ER.

Present:

Cllr Richard Britton, Cllr Trevor Carbin (Substitute), Cllr Tony Deane (Chairman), Cllr Howard Greenman, Cllr David Jenkins, Cllr Julian Johnson, Cllr Helen Osborn, Cllr Linda Packard, Cllr Sheila Parker (Vice Chairman), Cllr David Pollitt and Cllr James Sheppard

Also Present:

Cllr Dick Tonge

59 Apologies and Membership Changes

Apologies for absence were received from Councillors Stephen Oldrieve and Jane Scott.

Councillor Oldrieve was substituted by Councillor Trevor Carbin.

There were no changes to the membership of the Committee.

60 Chairman's Announcements

There were no announcements.

61 Members' Interests

There were no interests declared.

62 Public Participation and Committee Members' Questions

There were no questions or statements submitted.

63 Internal Audit Progress Report 2012-2013

The first Internal Audit Progress Report for 2013/14 was presented by the representatives from the South West Area Partnership (SWAP). It was highlighted that there had been no non-assurances identified during the course of the audit. A correction was made to page 5 of the Internal Audit Work Plan,

clarifying that the outturn performance results were as at the end of August 2013, not February 2013. The detailed audit plan and monitoring statement, identifying key dates and slippages of planned audit stages was also presented, and it was confirmed that despite this there were no potential significant risks identified for the period April-August 2013.

A debate followed, where the need for planned dates of completion for each stage of an audit, enabling the Committee to clearly identify where slippages occurred in the process, was requested and further detail was sought on recommendations the internal auditors had made and if they were accepted was sought. It was agreed with SWAP that the Committee Members would be consulted on which specific information they would like to receive in future updates, in time for the next meeting of the Committee. The possibility of the Committee viewing the detailed internal reports from SWAP on the auditing process was raised, including added value, and it was agreed the Monitoring Officer would investigate the required processes to achieve that request.

In response to queries it was clarified that the Balfour Beatty Highways contract was in the process of being signed off by Legal Services.

After discussion,

Resolved:

To note the findings from the IA audits to date, and to note that SWAP are to consult with the Committee Members to determine which content should be included in future IA audit reports.

64   **Price for Certification - Update**

The Service Director (Business Services) presented a report updating the Committee on the current position regarding the recommendations in the KPMG Interim Audit 2012/13 report regarding the IT control environment, as requested by the Committee on 18 June 2013.

It was stated that officers had met with KPMG on 31 July 2013 regarding additional certification from CGI, formerly known as Logica) and compliance with required appropriate standards as detailed fully in the agenda papers. It was noted that as a result of Logica's acquisition by the Canadian company CGI in August 2012, compliance with legislation which officers believe would comply with KPMG's requirements. Representatives from KPMG confirmed positive action had been taken and that progress was moving in the right direction.

After discussion,

Resolved:

1) **To note that the requirement identified by KPMG for CGI to obtain certification to ISAE3402 has been successfully mitigated though the ongoing approach outlined in section 2 of the agenda report.**

> **2) To note and agree that KPMG will provide the Council with feedback and consultation on key Information Services procedures to ensure they support audit objectives.**

65   **National Fraud Initiative 2012**

The Service Director (Finance) presented the report briefing members on the work and outcomes for the Council in relation to the National Fraud Initiative data matching exercise for 2012/13, operated by the Audit Commission. It was stated the exercise matches data held by Local Authorities and other audited public bodies to prevent and detect fraud.

It was noted that as of 30 August 2013 the council had processed in excess of 4000 matches, identifying overpayments totalling £31,673, and that approximately 1400 matches remained to be processed.

A discussion followed where the cost to recover and amount recovered of the overpayments versus the fee to take part in the exercise was raised, along with how the council conducted the exercise. It was stated that a specific team of officers was being assigned to undertake the exercise and any future exercise, in addition to other duties, and that while the amount recovered as a result of the exercise was not large, identifying and preventing any level of fraud remained a priority. In response to queries it was clarified that no matches had been identified under the 'Right to Buy' section of the exercise.

Resolved:

To note the update.

66   **Internal Audit Review - KPMG**

The Review of Internal Audit Function report produced by KPMG was presented, and it was noted that no incidences of non-compliance from the internal auditors. Five areas of partial compliance had been noted, but it was stated none had been of substantial functions. Overall there was a figure of 4% partial compliance.

A debate followed, where members raised that the focus in the report should include the effectiveness of bringing about changes through internal audit, and not merely effectiveness in following rules and procesures, but it was noted that the report's facts and conclusions supported that appropriate work and processes were being undertaken.

Resolved:

To note the report from KPMG.

67   **Risk Management Update**

The Risk Management Update was presented, noting all risks as identified by the Corporate Risk Management Group (CRMG). Out of a total of thirteen risks a total of one was identified as high risk, concern over appropriate levels of security and safety of confidential/sensitive data. It was stated that an improvement plan had been put in place to be led by the Head of Governance, with staffing resources put in place to implement the plan.

Members considered the list of Corporate Risks as detailed in the agenda papers, and debated whether additional risks should be included. The impact of the council's voluntary redundancy programme and the related continual reorganisation of teams and reshuffling of staff were raised as potential corporate risks. The Committee did not accept the omission of the risks from the list as being service level risks only

Details were also sought on the composition of and meeting schedule of the CRMG, and it was stated the group met approximately every six weeks and membership includes the Service Director (Finance) and other Service Directors, with input from Legal, Insurance and other services. Specific mention was made to risk 1059, 'Failure to monitor/reduce overspend', and it was stated an update on the risk would follow at the next Committee meeting.

At the conclusion of debate, it was,

Resolved:

To note the latest position regarding the Council's risks that are identified in the current Corporate Risk Register as detailed in Appendix A of the report, with the inclusion of risks regarding the Voluntary Redundancy Programme and Staff Reorganization, confirming the status of the high level risks being reported from service areas and that the Risk Management Strategy and the processes associated are to be reviewed to ensure that arrangements are fit for purpose to monitor progress against the new Business Plan.

68   **Date of next meeting**

The date of the next meeting was confirmed as 18 December 2013.

69   **Urgent Items**

i)   The Chair detailed concerns relating to the service to the Committee as a result of high staff turnover and sought assurances any issues would be resolved. It was also requested a single officer from the team of the Service Director (Finance) be nominated to act as the focal point for report production and finalization to ensure consistency in quality of reports.

ii) The creation of a Working Task Group on Internal Audit in line with previously agreed Terms of Reference was noted and the following membership suggested:

Cllr Richard Britton
Cllr David Jenkins
Cllr Stephen Oldrieve
Cllr David Pollitt

It was requested that any suggestions for lines of enquiry or proposals be sent to Democratic Services and then the lead member of the Task Group once agreed.

(Duration of meeting: 2.00 - 3.00 pm)

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