

# **Audit Committee**

**Thursday, 15 March 2012**

**Present:** Councillor Anthony Gee (Chair), Councillor Julia Berry (Vice-Chair) and Councillors Marie Gray, Paul Leadbetter, Pauline Phipps, Alan Platt, Dave Rogerson and Geoffrey Russell

**Officers Present:** Gary Hall (Director of Transformation), Susan Guinness (Head of Shared Financial Services), Garry Barclay (Head of Shared Assurance Services), Clare Ware (Shared Financial Services Internal Audit Manager), Rebecca Huddleston (Performance Improvement Manager) and Dianne Scambler (Democratic and Member Services Officer)

**Also in attendance:** Karen Murray (Audit Commission) and Peter Buckley (Audit Commission)

## **12.AU.47 APOLOGIES FOR ABSENCE**

No apologies for absence were received.

## **12.AU.48 DECLARATIONS OF ANY INTERESTS**

There were no declarations of interest.

## **12.AU.49 MINUTES**

**RESOLVED – That the minutes of the Audit Committee meeting held on 19 January 2012 be held as a correct record for signing by the Chair.**

## **12.AU.50 INTERNAL AUDIT PLAN 2012 -13**

The Committee received a report of the Head of Shared Services that summarised and explained the basis of the Internal Audit Plan for 2012/13 that had been compiled in consultation with Strategy Group and extensive consultation within each service.

The Internal Audit Plan contained the programme of reviews for the next financial year and had been constructed following a risk assessment which considered a range of risk factors, such as items in the Corporate Risk Register, significant changes in staffing, systems and procedures and the length of time that an area was last audited.

Members asked whether any audit checks were carried out on areas that were continually assessed as being low risk. Internal Audit advised that they would still continue to carry out checks on a wide range of different activities across the Council.

**RESOLVED – That the report be noted.**

## **12.AU.51 ANTI FRAUD CORRUPTION POLICIES**

The Head of Shared Assurance presented the Committee with two of the Councils anti fraud and corruption policies that had been recently revised and updated.

The Anti-Fraud and Corruption Strategy explained the range of situations where fraud or corruption can arise and advised who suspicions should be reported to in each case. This document sets out the key roles and responsibilities for officers and Members of the Council.

The Anti-Fraud Response Plan gives an explanation about how, and by whom suspected cases of fraud and corruption would be investigated.

The Audit Committee has responsibility for overseeing the Council's governance arrangements and had previously approved a Local Code of Corporate Governance which referred to policies and procedures for the prevention, detection and investigation of fraud and corruption, which include:

- Anti Fraud and Corruption Strategy
- Codes of Conduct for Members and Officers
- Whistle Blowing Procedure
- Anti-Money Laundering Procedure
- Guidance to staff on surveillance under the Investigatory Powers Act
- Disciplinary Policy
- Anti-Fraud Response Plan.

The documents had been revised to reflect the recent organisational changes in the Authority and there was now a need to re-enforce the provisions of the Bribery Act 2010 within the Council's policies.

To raise awareness of these documents and ethical standards generally, both officers and Members had recently been invited to participate in an on-line exercise on the Loop and Inthknow.

**RESOLVED – 1. That the report be noted.**

**2. That the Chair of Audit Committee write to all Members of the Council to encourage them to complete the on-line Anti-Fraud and Corruption awareness exercise on the Loop.**

#### **12.AU.52 AUDIT COMMITTEE UPDATE 2011/12**

The Audit Commission submitted an update report to Members on the Audit Committee. The purpose of the document was to provide the Committee with the progress in delivering their responsibilities as the Council's external auditors. It also included an update on the externalisation of the Audit Practice.

In addition the report sought to highlight the key emerging national issues and developments which may be of interest to the Members of the Audit Committee and concluded by asking a number of questions that the Committee may wish to consider in order to assess whether they had received sufficient assurance in emerging issues.

It was reported that the Interim audit work on the Councils Financial Statements and VFM conclusion had commenced in February 2012. The draft accounts would commence in July and they aimed to be complete and issue their opinion in September 2012.

The contracts have now been awarded to the providers for the externalisation of the Audit Practice and Members were informed that a five year contract had been awarded to Grant Thornton (UK)LLP to cover the four contract areas of the North West, West Midlands, London (South) Surrey and Kent and South West, with the appointments starting on 1 September 2012.

Following the award of the contracts, the Commission intended to re-visit the audit fees for 2012/13 audits which had been consulted on in November 2011 and further information would be issued shortly.

The Audit Practice staff in each lot area will in the main transfer to the successful bidders on 31 October 2012 and the Chair wished all the staff of the Audit Commission the best in their future roles.

**RESOLVED – That the report be noted.**

## 12.AU.53 STRATEGIC RISK UPDATE REPORT

The Chief Executive submitted a report providing Members with a Strategic Risk Register update, The Register included the twelve strategic risks to the Council, including the actions in progress as well as actions planned to further mitigate them.

The political, economic and financial environment in which the Council operates is constantly changing, therefore the Strategic Risk Register needs to be updated to reflect any new or emerging strategic risks facing the Council.

The management of risk is clearly embedded within the Council. Whilst the Strategic Risk Register set out the main strategic risks there are a number of other processes that contribute to effective risk management at all levels of the organisation.

The updated risk register included one new risk, delays in the implementation of new technology having a negative impact on the performance satisfaction and the ability of the organisation to drive change, and one risk from last year that had been split into two to separate, satisfaction with the Council from staff satisfaction.

One of the risks, regarding a lack of resources had been reduced from a high level risk to a lower level risk, as this year the council had resources to invest in growth terms. Members asked how this had been achieved considering the present economic climate and the Chief Executive explained that this had been down to a combination of maintaining prudent finances by the Council, finding further savings and the receipt of additional new homes bonus funding.

**RESOLVED – That the report be noted.**

Chair