

## **AUDIT COMMITTEE**

**TUESDAY, 24 NOVEMBER 2009**

**PRESENT:-** Councillors Michael Dickinson (Chair), Des Moffatt (Vice-Chair), Steve Allsopp, Nick Martin, Mary Martin, Eric Shaw and Peter Stoddart

### **24. Declarations of Interest**

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting. No declarations were made.

### **25. Public Question Time**

No questions were asked under Standing Order 18.

### **26. Minutes**

Resolved - That the minutes of the meeting held on 22<sup>th</sup> September 2009, be confirmed and signed.

### **27. Exempt Items - Exclusion of Press and Public**

That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below on the grounds that they involve the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

-	<u>Item No.</u>	<u>Paragraph No.</u>	<u>Minute No.</u>
	12	7	34

### **28. Response to Major Incidents/Events**

The Head of Civil Protection Unit and the Head of Business Continuity gave a presentation to the Committee on the main issues relating to the Corporate Risk (07): 'Risk: Responses to Major Incidents / events is not fully effective', the mitigating controls in place to reduce the risk to the Council, and how the effectiveness of the controls were monitored. The presentation included information on:

- The main types of risks to the Community including transport, extreme weather, animal and human diseases, fuel crises and failures in national infrastructures such as utility companies, airports, and national incidents having local effects.
- Assurance of the training, exercises and maintenance schedule and how the plans are continuously improved to reflect best practice and respond to new risks.
- Information on joint work with Partners, in particular the PCT, and with local parish councils to improve local community awareness and the ability for

local responsibility.

- The current redrafting of the Business Continuity Policy and Strategy in conjunction with the Swindon Primary Care Trust to meet the requirements of the new British Standard BS 25999.

Resolved – 1) That the Head of Civil Protection Unit and Head of Business Continuity be thanked for their presentation.

2) That the report be noted.

3) That the Head of Civil Protection Unit and Head of Business Continuity arrange for a Members Training event and briefing session, to include Members' responsibilities in relation to Business Continuity and Emergency Planning and how local knowledge can be utilised in relation to responding to incidents and future planning.

## **29. CAPITA Contract Management**

In response to a request for further information at the meeting held on 22<sup>nd</sup> September 2009, Sue Mendham (Partnership Manager) attended to present and answer questions on the level of penalties issued against Capita to date and details of waived penalties and the reasons for those penalties being waived. Sue Mendham advised that the Council had received direct payments in penalties of £87,238, against a potential value of £293,857 (29.7%), but advised that where penalties had not been applied the Council had taken the decision on the basis that the value of remedial action that Capita had put in place was in excess of the level of penalty. The Partnership Manager emphasised the seniority of the team making these decisions, and that such decisions were made in the context of the value for money of the whole contract, the quality of service, and the partnership relationship. Sue Mendham confirmed that the performance of the contract exceeded that in another Council where all penalties were always applied. In addition, it was confirmed that the Council continued to discuss with Capita ongoing amendments to the contract to respond to changes in circumstances, including recognising and responding to the impact of the recession.

Resolved – 1) That the Committee noted the update and thanked Sue Mendham for attending the meeting to present the information.

2) That the Partnership Manager arrange for the Committee Members to receive information on the list of transformation activities which have taken place both inside and outside the Capita contract and an evaluation of their success and value.

## **30. Audit Committee Updates on Financial Accounts Processes**

The Deputy Director of Finance (Darren Stevens) presented a report setting out the changes to the financial accounting standards and their impact for the Council's financial statements and processes.

Darren Stevens advised that since the publication of the report, the Consultation on Capital Regulations had been issued, which had confirmed that there would be no additional costs to the Council as a result of the way in which Untaken Leave, Leases and Fixed Assets were accounted for in the new Balance Sheet format.

Resolved – 1) That the Committee note the contents of the report.

2) That the Committee supports the Finance Function in developing new methods of accounts closure procedures to improve the closedown process.

3) That the Committee notes the draft timetable for closing 2009/10 and the general timetable for international standards transition, and supports the Finance Function in obtaining all information required from departments to meet these timescales.

4) That the Deputy Director of Finance provide an update the Chair in March/ April 2010 on progress made to meet the new requirements.

### **31. External Audit Progress Report**

Mr Martin Robinson and Mr Paul Benfield (Audit Commission) attended the meeting as the Council's External Auditors, and presented the November 2009 External Audit Progress Report, showing the timetable of External Audit work up to March 2010. The Committee noted that it was currently the half-way point of the year between audits, and therefore there was little new to note in the report, accept the work currently being carried out on checking the underlying financial and other systems in preparation for the next audit.

Resolved – That the Committee thank the External Auditors for attending the meeting and note the External Audit Progress Report as at November 2009.

### **32. CIPFA Benchmarking exercise of Internal Audit: 2009**

The Head of Internal Audit presented a report summarising the 2009 benchmarking exercise carried out by CIPFA with regard to the Council's Internal Audit Service, in relation to its cost analysis, audit coverage and staffing numbers and qualifications.

The Committee noted that the audit coverage compared favourably with other unitary authorities in relation to strategic and operational risks, founded on a best practice approach of risk-based audits, and that the Council was able to account for additional coverage in relation to Housing Benefits and IT audits. The section was well above average in terms of its qualifications and slightly above in terms of costs at the point of the survey. The Committee welcomed differences to other unitary authorities, where this represented a better service tailored to local circumstances.

Resolved – That the contents of the report be noted.

### **33. Head of Internal Audit Update**

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee in September 2009, and progress against the annual internal audit plan. The Committee noted that at the end of October 43% of the audit plan had been completed against a target of 47%, and that recruitment was in place for a new part-time Schools Auditor to start early in 2010 and for the recruitment of an apprentice auditor, to bring the team up to full capacity.

Resolved – That the contents of the report be noted.

### **34. Internal Audit reports identifying significant risk or 'of concern'**

The Head of Internal Audit submitted a report providing the Committee with an update on the current position in relation to the agreed recommendations following the Internal Audit review of the Council's Payroll system and the management response to those actions. The next audit of the service was due to

begin in December 2009 and would report in March 2010.

Resolved – 1) That the report, and the management response to the key findings and recommendations of the audit review, be noted.

2) That the relevant Directors be requested to attend the next Audit Committee meeting to present an updated Management Response to the audit.

3) That the Draft Audit Report for the December 2009 audit of Payroll Service be presented to the meeting of the Audit Committee in April 2010 by the relevant Directors and Cabinet Member.

4) That the Head of Internal Audit consider a report to track and escalate any actions or recommendations of Audit Reports which are outstanding or ongoing.