

AUDIT COMMITTEE

TUESDAY, 18 SEPTEMBER 2012

PRESENT:- Councillors Michael Dickinson (Chair), Des Moffatt (Vice-Chair), Brian Ford, Mary Friend, Neil Heavens and Nick Martin

An apology for absence was received from Councillor Steve Allsopp.

13. Exempt items - Exclusion of Public and Press

Resolved – 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 Agenda Item No. 5 of the Notice of the Meeting on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act, and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information concerned. (Minute 17 refers.)

14. Declarations of Interest

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting.

In accordance with the National Code of Local Government Conduct, Councillor Nick Martin made a personal non-prejudicial declaration in his capacity as the Chair of the Plas Pencelli facility. Councillor Martin observed that the facility's payroll was produced via the Council's payroll system (Agenda Item No. 5 refers).

15. Public Question Time

No questions were asked under Standing Order 28.

16. Minutes

Resolved – (1) That the minutes of the meeting held on 19th June 2012 be confirmed and signed.

(2) That, with reference to Minute 6 Resolution (2), it be noted that the final accounts of Digital City (UK) Ltd were not yet available for the Committee's inspection.

17. Internal Audit reports identifying 'significant' risk or 'of concern': Internal Audit review: Payroll

The Committee received a report on the follow-up audit review of progress in implementing the management response to the Internal Audit recommendations arising from the review of the Council's payroll system. It was noted that the initial audit review was split into the following three audits, all of which had resulted in an "Of Concern" audit opinion:

- Main System Controls
- ICT system controls and integrity of data

- Starters and leavers

The Council's Head of People & Change, Transformation & Strategic Projects, the Contract Manager, Commercial Services, Commissioning and the HR Payroll Business Manager for Capita were in attendance to provide a current position statement and respond to members' questions on issues raised by the follow-up review, the management response to the original audit conclusions and key recommendations, and progress in implementing the action plans.

Resolved – (1) That the report be noted.

(2) That it be noted that any matters that remain outstanding beyond the timeframes for action set out in the action plans would be addressed in the main payroll audit carried out in the final quarter of the year.

(3) That members be advised of (a) the cost per payslip in relation to the Capita partnership Agreement and (b) the names of charities and other non-profit organisations currently utilising the Council's payroll service.

18. Annual Statement of Accounts 2011/12

The Committee received a report introducing the Council's Annual Statement of Accounts for 2011/12, updated for audit changes as at Monday 10th September. The Board Director Finance, Revenues, Benefits and Property presented the report and, with the Finance Manager, Housing, Treasury and Growth, responded to members' specific queries and observations regarding the content of the accounts (appended to the report).

Resolved – (1) That the report, and the updated information provided at the meeting, be noted.

(2) That, subject to the amendments highlighted in the officers' presentation of the report to the Committee, the Annual Statement of Accounts be approved and the Chair be authorised to sign the Accounts on behalf of the Council before the end of September 2012.

(3) That Mr Darren Stevens, the Council's Finance Manager, Housing, Treasury and Growth, and his team, be thanked for their hard work and diligence in compiling the Annual Statement of Accounts.

(4) That, with regard to the compilation of the Annual Accounts in future years, and with particular reference to the production of final accounts by the Council's subsidiaries, the Board Director Finance, Revenues, Benefits and Property, make the necessary arrangements to ensure that the final accounts for the Council can be delivered in accordance with the statutory timeframes.

(5) That, in order to better facilitate the statutory timeframe for finalising the accounts, Committee and Members Services be asked to move back the September meeting of the Audit Committee by one week.

19. External Audit - Progress Report

Mr Martin Robinson and Mr Peter Smith of the Audit Commission, the Council's External Auditors, presented a report summarising the findings of the 2011/12 Audit, including the messages arising from the audit of the Council's financial statements and the results of work undertaken to assess the Council's arrangements to secure value for money in its use of resources. Mr Robinson also provided a brief commentary on the transition of the Audit Commission's directly employed audit function to the private sector with effect from 1st November 2012.

Resolved – (1) That the adjustments to the financial statements included in

the Annual Governance report be noted.

(2) That the draft letter of management representation (Appendix 4 to the report) be approved, subject to the successful completion of the 2011/12 Audit and the correction of typographical errors highlighted during the debate of the item. That members of the Committee be advised of, and invited to approve, any issues and/or uncorrected misstatements identified in the completed Audit, not agreed by the Board Director Finance, Revenues, Benefits and Property and/or the Finance Manager, Housing, Treasury and Growth.

(3) That Mr Robinson's comments regarding the excellent working relationship between the Audit Commission and the Council's Financial Teams be welcomed.

(4) That the arrangements put in hand by the Audit Commission to minimise disruption resulting from the transition of its audit function to the private sector be noted. That the Committee thanks Mr Martin Robinson for his work with the Council in his capacity as the Audit Commission's engagement lead and wishes him every success in the future.

20. Annual Governance Statement

The Head of Internal Audit submitted a report providing the Committee with details of the draft Annual Governance Statement, setting out the Council's governance arrangements.

Resolved – That the draft Annual Governance Statement, appended to the report, be approved to be signed off by the Leader of the Council and the Chief Executive.

21. 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 meeting in June 2012 and progress made against the Annual Internal Audit Plan.

Resolved – (1) That the report be noted.

(2) That the internal audit follow-up report on Corporate Manslaughter and the internal audit report on Housing Tenancy Fraud 2011/12 be submitted to the next meeting of the Committee for consideration.

(3) That, in accordance with members' request, the Housing Rents audit, scheduled for the last quarter of this year, be expanded to include the issue of action by the Council in response to accrued rent arrears.