

Similarly the issue of creating a separate bank account for the Pension Fund remained unresolved. It was officer's intention to ensure this was implemented and fully operational during the current financial year.

50 **'SAINTS AND SINNERS'**

At the last meeting the Committee had been advised that the work of the Borough's Fraud Team had been featured in the Saints and Sinners Television Programme. Officers were asked whether the Council received any payment for this as other authorities did receive payment. It appeared that the Council did not receive payment and officers were asked to look into why the Council didn't receive payment. The view of officers was that by being featured on the programme the Council received good publicity.

51 **UPDATE ON SURTEES CONTRACT**

The Committee was advised that all the issues arising from Mr Macdonald's complaints had been resolved. The issue with regard to service costs had been satisfactorily concluded and the full cost of services charges is now being fully recovered.

The complaint from Mr MacDonald had led to the Council reviewing the contract arrangements with Surtees for the supply and maintenance of aerial points and door entry systems. The existing contract was not advantageous to the Council and following recent advice from Council, and the weighing of the risks involved notice to terminate the contract had been served. The contractor has lodged an objection as they say the council have no right to terminate the contract. They have sought a meeting to discuss matters.

The Council wish to split the contract in to two separate contracts and a tender has already been issued for the maintenance of the door entry systems. For the T V aerials the Council were seeking a one year maintenance contract whilst we seek specialist advice as to the best way to proceed in the long term.

The Committee **noted** the report and asked that they receive a regular update on progress at every meeting.

52 **EXTERNAL AUDIT 2013/14 FEE LETTER.**

The Committee were informed that PricewaterhouseCoopers had submitted the External Audit 2013/14 Fee letter detailing their charges for the year. In total these were £253,059 a decrease of £4,300 from 2012/13.

The Committee **noted** the report.

53 **ACCOUNTING POLICIES**

Officers advised the Committee that the CIPFA Better Governance Forum had produced a tool-kit for local authority Audit Committees that recommended Members

review accounting policies. These accounting policies would be included in the Statement of Accounts for 2012/13.

The application of accounting policies supported the implementation of the main accounting concepts of best practice. These ensured financial reports:

- Were **relevant** - providing appropriate information on the stewardship of authority monies?
- Were **reliable** - financial information could be relied upon and without bias, error, within the bounds of materiality and had been prudently prepared?
- Allowed **comparability** - the interpretation of financial reports was enhanced by being able to compare information across other accounting periods and other organisations.
- Were **understandable** - though financial reports had to contain certain information, they had to be understandable. For example the Council published summary accounts.
- Reflected **material** information - significant transactions must be incorporated in the financial reports.
- Were prepared on a **going concern** basis (the assumption that the authority would continue in operational existence for the foreseeable future)
- Were prepared on an **accruals** basis (accounts were prepared to reflect the benefit of goods and services received and provided, rather than when cash transactions occurred when invoices were paid in a later accounting period).

Officers informed the Committee that there were no significant amendments proposed in the draft code of practice for local authorities in 2012/13.

The Committee **noted** the accounting policies applicable to 2012/13.

54 **FRAUD PROGRESS REPORT**

The Committee were provided with an update on the work of the fraud team in the period ending April 2013. Officers were pleased to inform the Committee that Paul Wynn had returned from his secondment with the Department of Works and Pensions at the end of May. The Senior Investigator post in the Investigations team had been filled, but a new vacancy had occurred when the Auditor (Fraud) had left in March.

The income target for the Investigations Team of £51,740 would not be met as the income from the Proceeds of Crime was likely to be received in the following financial year.

The Committee identified one current case of non-benefit fraud, an allegation of accepting a bribe, which they wished to see further details. Officers advised that the case was still under investigation but would provide further details when the investigation had been concluded.

On being questioned officers informed the Committee that the income target for 2013/14 was £140,000 based on Proceeds of Crime recovery, this was a realistic target.

The Committee **noted** the report.

55 INTERNAL AUDIT REPORT

The Committee received a report on the work undertaken by the Internal Audit Team during the period 2 January to 28 March 2013. In this quarter 14 system audits had been completed, seven of which had received substantial opinions and seven Limited opinions. Limited opinions had been issued in respect of Oracle eBusiness, Network Permissions, Main Accounting, i-Expenses, i-Recruitment, i-Procurement and Payroll.

The Limited Assurance in respect of Network Permissions had been issued as the system of control was weak and there was evidence of non-compliance with the controls that did exist. The level of risk exposure was not acceptable.

Ten school audits had been completed with nine receiving Substantial Assurances and just one a Limited Assurance. The latter was Langtons Junior School.

A full report on all outstanding recommendations would be submitted to the June meeting of the Committee.

The report was **noted**.

56 INTERNAL AUDIT CHARTER AND TERMS OF REFERENCE

Each year the Committee undertake a review of the Internal Audit Charter and Terms of Reference. This year the review had resulted in only minor changes.

Officers informed the Committee that the Government had launched new Public Sector Audit Standards which came in to effect from 1 April 2013. The next review would ensure we continued to comply with the most up to date standards.

After discussion the Committee **approved** the updated Internal Audit Charter and Terms of Reference as attached as Appendix 'A' to the report.

57 ANNUAL REPORT OF THE COMMITTEE

In accordance with best practice the Committee produced an Annual Report on its work for report to Council. This year the key highlights from the report were:

- The Committee had maintained its usual work plan based on its Terms of Reference but had also considered specific reports and assurances on: the progress with regards the objection to accounts action plan and related update on the outcome of a Leaseholder Valuation Tribunal.
- The Committee had received briefings on Fraud and Corruption, Risk Management and Housing Tenancy Fraud.

- The Committee had approved accounts compiled in accordance with the International Financial Reporting Standards.
- The Committee had approved the Annual Governance Statement.
- The Committee had requested follow up work or briefings from Head of Service regarding: Jacobs Contract; i-expenses and Purchase Card, Oracle System and Children's Centres.

The report provided details of the training received by the Committee and a forward plan for the forthcoming year.

The Committee **agreed** the Annual Report as submitted for submission to Council.

Chairman