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**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
Town Hall, Main Road, Romford
25 June 2012 (7.30 - 8.40 pm)**

Present:

COUNCILLORS:

Conservative Group Georgina Galpin (in the Chair) Frederick Osborne
(Vice-Chair), Roger Ramsey and Frederick Thompson

Residents' Group Linda Hawthorn (substitute for Councillor Barrett.)

Apologies were received for the absence of Councillors Clarence Barrett and Denis Breading.

The Chairman reminded Members of the action to be taken in an emergency.

1 MINUTES OF THE MEETING

The minutes of the meeting of the Committee held on 25 April 2012 were agreed as a correct record and signed by the Chairman.

2 APPOINTEESHIP AND DEPUTYSHIP UPDATE

Officers informed the Committee that of the 11 recommendations in the audit report all had been implemented or were in the process of being finalised.

To comply with regulations an annual report on the total amount of monies managed on behalf of clients was submitted to the Court of Protection and individuals were informed of the state of their individual accounts.

Concerns were raised at the last meeting that monies were being held in accounts with Allied Irish Bank. Steps were in process to transfer these to either the Royal bank of Scotland or NatWest to comply with the Councils Constitution. The monies were held in individual accounts so the process was of necessity a long one.

The Committee **noted** the report.

3 OBJECTION TO ACCOUNTS/LAND VALUATION TRIBUNAL - UPDATE

Officers advised the Committee of the current position with the objection to the Accounts and the concurrent Lands Valuation Tribunal situation.

Ideally the leaseholder should have approached the Lands Valuation tribunal before he lodged an objection to the accounts. When he did seek redress in the Lands Valuation Tribunal in December 2010 the Tribunal found in his favour. The Council appealed that decision and recently the original decision was found to be flawed and the matter remitted for a rehearing. Solicitors acting for the council were recommending mediation to resolve the issue. With the change to digital, from analogue everything had changed and hopefully this would help resolve the issue.

The Committee were informed that the second part of the issue the contract with Surtees had progressed. Officers explained that Surtees had provided a good service and the Council had succeeded in negotiating a 27% reduction in the cost of the contract. Unfortunately there was no provision in the contract for a break clause or termination. Officers had written to Surtees to explore the possibility of termination.

The Committee **noted** the report and **requested** an update to alternate meetings of the Committee.

4 **INTERNAL AUDIT PROGRESS REPORT**

The Committee received a report detailing progress in delivering the approved audit plan in quarter 4 of 2011/2012. By the end of March 2012 90% of the audit plan had been completed. This was against a target of 95%. The remaining days were delivered in April and May.

In the fourth quarter 10 systems audits were completed together with two non systems assurance works. Three of the system audits attracted limited assurances, those relating to Emergency planning & Business Continuity, Pensions and i-Expenses & Purchase Cards.

The committee raised concerns that some scanned documents had been incorrectly filed and other confidential documents, such as Criminal Bureau Checks, had not been given an accurate document type and were therefore accessible to general users. They were pleased to note that further audit work was planned to review controls in this area.

On the issue of budgetary control officers were asked what role members had in exercising budgetary control. Officers informed the committee that a monthly report was submitted to CMT and this, exception report, was posted on to the member only area on the intranet.

The report on i-Expenses and Purchase cards raised several issues. It was explained to the committee that this was a new system with new staff and teething problems had been expected. There needed to be an Annual System audit for the Annual accounts so the area was kept under review. However, the Committee **asked** for a report back to the next meeting so they could have an assurance that the recommendations were being implemented.

The audit team had completed 11 school audits during the same period none of which had caused concern. The worry was that academies had no need to arrange an audit more than once every three years. The Academies can employ their own external auditors, although the council's team had offered their services.

The report was **noted**.

5 **FRAUD PROGRESS REPORT**

The Committee considered a report on the work and performance of the Council's anti-fraud and corruption resources during the period 3rd January to 30th March 2012.

The Committee were advised that whilst there would be no further grant funding after 30th march 2013 to continue this work the Council had agreed to allocate approximately £90k per annum from the Housing revenue Account for the next two years. Over that period it was anticipated that investigations would enable the Council to claim back 25 properties per year.

Officers informed the Committee that the team worked closely with other local authorities participating in the London and Essex Fraud Forums and attending the Housing Fraud Forum. This meant there was a lot of sharing of systems and information.

The committee **noted** the report expressing their pleasure with the successful work being undertaken by the Team.

6 **ANNUAL REPORT, INCLUDING HEAD OF INTERNAL AUDIT OPINION**

The Internal Audit & Corporate Risk Manager submitted the Annual Report for approval. The report included her opinion that the system of internal control was adequate and effective and that processes to identify and manage risks were in place.

The report was **approved** for submission to Council.

7 **ANNUAL GOVERNANCE STATEMENT**

Officers had prepared the Annual Governance Statement for the Committee's approval. Since December 2011 the following actions had been taken:

- a. Heads of Service had provided signed "mini" governance returns confirming that appropriate governance arrangements were in place across all services of the Council.

- b. Members of management team's had reviewed these returns and then submitted a return for their portfolios, having regard to the overall position.
- c. These returns had been reviewed to ensure that all relevant issues have been identified and included in the draft AGS.
- d. The results of the 2011/12 audit work had been formally reviewed as part of the production of the Annual Audit Report and Head of Internal Audit Opinion to identify any additional potential issues for inclusion on the AGS.
- e. An electronic evidence file had been produced documenting the process and evidencing the assurances received.
- f. The officer Governance Group had discussed the outcome of the above end of year actions and agreed the outcomes.
- g. Senior Management had commented on the final version.

Of the four issues highlighted in the 2010/11 Annual Governance Statement, three, relating to Data Quality, Project Management and Contracts and Supply Chain Resilience, had been fully addressed at the end of March 2012, the remaining issue, Information Governance, had wide reaching implications and although significant progress had been made it was felt that the issue remains open.

Three new issues relating to Austerity, Pace of Organisational Change and Fraud had been included for 2011/12.

The Committee **approved** the Annual Governance Statement has attached at Appendix 1 to the report.

8 **CLOSURE OF ACCOUNTS TIMETABLE**

The Committee were advised that as required by the Accounts and Audit Regulations 2012, the Council's Statement of Accounts must be approved and signed by the Director of Finance and Commerce by no later than 30th June 2012. The accounts must be published after the conclusion of the external audit no later than 30th September 2012.

Officers provided members with an assurance that the timetable would be met and the final accounts would be submitted to the meeting of this committee to be held on 25th September 2012.

The report was **noted**.

9 **EXTERNAL AUDIT UPDATE**

PricewaterhouseCoopers advised the Committee that they were waiting to start the audit once the accounts had been signed off by the Director of Finance and Commerce. From the preliminary work already undertaken with the Council they were not anticipating any major problems.

The report was **noted**.

10 **ANNUAL REVIEW OF FRAUD RISK AND CORRUPTION ARRANGEMENTS**

The Committee received the latest Annual Review of Fraud and Corruption. The annual review had taken place in May 2012. The Committee noted the continuing work of the team and that the strategy had been completed. The Committee **approved** the strategy has attached as Appendix A to the report.

11 **ANNUAL REVIEW OF RISK MANAGEMENT ARRANGEMENTS**

Officers reported that they had completed their annual review of Risk Management. The contents of the Risk Register were produced by:

- The Corporate Leadership Team (CLT) Working Group reviewing the old register, considering the objectives in the Corporate Plan; reviewing the outcome of the last Service Risk Register review and considering what Risk specialists consider to be the top risks currently;
- The twelve risks identified were agreed by CLT and allocated a Corporate Management Team (CMT) and CLT lead;
- New risk analysis templates had been completed by lead officers and submitted; and
- The final version of the Risk Register had been agreed by CMT.

A review of the Strategy has been completed in light of the new approach to ensure it was current and reflects the outcome of the working group.

The Committee:

1. **noted** the work continuing to take place on Risk Management;
2. **noted** the updated Corporate Risk Register attached as Appendix A to the report; and
3. **approved** the Risk Management Strategy attached as Appendix B to the report.

12 **TRAINING PLAN FOR AUDIT COMMITTEE**

The Council had recently agreed that both members and substitute members of the Audit Committee should be adequately trained to properly carry out their role as members of the Committee. The following training plan was submitted for approval:

Frequency	Contents	Method of Delivery	Timing
Once during term	Role of Audit Committee Role of Internal	One to one or Group session	On joining Committee

	Audit Role of External Audit		
Once during term	Corporate Governance	Group session (yr 1)	June
Annual	Accounts and IFRS	Group session or one to one (yr 1) Drop in sessions (yr 2,3 & 4)	September
Frequency	Contents	Method of Delivery	Timing
Annual	Fraud & Corruption <ul style="list-style-type: none"> • Bribery • Money Laundering • Whistle blowing Housing Fraud Housing Benefit Fraud	Group session E Learning	December
Annual	Treasury	Group session	April
Annual	Risk Management & Internal Control	Group session (Yrs 1&3) E Learning (Yrs 2&4)	March

The Committee **approved** the training plan and noted that it would be reviewed annually.

13 ANNUAL TREASURY REPORT

The Committee resolved to excluded the public from the meeting during discussion of the following item on the grounds that if members of the public were present it was likely that, given the nature of the business to be transacted, that there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972 which could reveal information relating to the financial or business affairs of any particular person (including the authority holding that information) and it was not in the public interest to publish this information.

The Financial Services Manager presented the report that set out the context that was part of the Chartered Institute of Public Finance and Accountancy (CIPFA) revised Code of Practice for Treasury Management. The revised Code suggested that Members would be informed of Treasury

Management activities at least twice a year or preferably quarterly. The report ensured the Council was embracing Best Practice in accordance with CIPFA's revised Code of Practice.

The details of the report were outlined to the Committee, including that the Council had remained within its prudential indicators limits.

The Committee were informed the new format provided current and relevant information for its consideration.

The report was **noted**.

Chairman

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