

# Minutes



Listening Learning Leading

OF A MEETING OF THE

## **Audit and Corporate Governance Committee**

HELD AT 6.00PM ON 20 MARCH 2012

AT COUNCIL OFFICES, CROWMARSH GIFFORD

### **Present:**

Mr M Welply (Chairman)

Mrs C Collett MBE, Ms K Crabbe, Mr P Cross, Mrs M Davies, Mr P Harrison,  
Mr C Quinton

### **Apologies:**

Mr D Bretherton tendered apologies.

### **Officers:**

Mr S Bishop, Mrs K Fiander, Mrs P O'Callaghan, Mrs A Partridge

### **Also present:**

Mr N Harris, Councillor  
Mr D Dodds, Cabinet member for finance  
Ms M Grindley, District Auditor, Audit Commission  
Mr A Prickett, Principal Auditor, Audit Commission

### **30. Minutes, 30 January 2012**

**RESOLVED:** to approve the minutes of the meeting held on 30 January 2012 as a correct record and to agree that the Chairman sign them as such.

### **31. Update on council tax benefit system**

At the request of the Chairman, Mr S Bishop, Strategic Director, advised that a project plan was in development with Capita to update the council tax benefit scheme by the deadline of 2013 with which the council must comply. There was already general agreement to produce a county-wide scheme.

## **32. Externalisation of audit practice**

At the request of the Chairman, Ms M Grindley, District Auditor, Audit Commission advised that Ernst & Young had been awarded the contract to provide audit services for this council's area. The audit team would TUPE-transfer to Ernst & Young and there would be no loss of team members.

## **33. Payroll**

At the request of the Chairman, Mr S Bishop, Strategic Director, advised that Capita had taken on payroll and successfully produced the first pay run in February.

## **34. Business continuity and risk management update**

The committee considered the report of the Head of HR, IT and Customer Services that, as requested at the meeting on 30 January 2012, provided an update on the timescales for testing the council's business continuity plans.

Mrs P O'Callaghan, Shared Risk and Information Officer, advised that a simulated exercise to test the business continuity plan would take place on 2 May 2012, not on 24 April as set out in the report.

Mr S Bishop, Strategic Director, briefly explained the simulated activities that might take place that would test the business continuity plan in the event of a disaster that could prevent the delivery of the council's services. He contrasted this with the emergency plan that came into effect when residents were affected rather than the council itself. Comment was made that, as well as management team, other officers could be involved in the simulated exercise in order to add further objectivity to the arrangements.

The committee noted the report and asked officers to bring the action plan to the July meeting of the committee if it needed updating following the simulated exercise.

## **35. Internal audit activity report quarter 4, 2011/2012**

The committee considered the report of the Audit Manager that summarised the outcomes of recent internal audit activity for the committee to consider. The committee was asked to review the report and the main issues arising, and seek assurance that action had been or would be taken where necessary.

The committee was pleased to see that recent audits had not resulted in limited assurance outcomes. Mrs A Partridge, Audit Manager, advised that one limited assurance report was in draft at present.

The committee noted the report.

## **36. Internal audit management report quarter 4, 2011/2012**

The committee considered the report of the Audit Manager that reported management issues, summarised the progress of the internal audit team against the 2011/2012 audit plan up to 8 March 2012 and summarised the priorities and planned audit work for the remainder of quarter 4, 2011/12.

Mrs A Partridge, Audit Manager, advised that four audit reports were currently in progress and that it was likely that two would remain outstanding at the year end. Now that Capita provided the payroll service, a comprehensive audit of payroll would take place during the summer.

The committee noted the report.

### **37. Internal audit annual plan 2012/2013**

The committee considered the report of the Audit Manager that explained the process for setting the internal audit plan and for calculating the resources available and set out the proposed internal audit annual plan for 2012/2013.

In response to a question Mr S Bishop, Strategic Director, advised that he did not think that future external audit services provided by Ernst & Young would result in additional pressure on the council's internal audit team but he would bring a report to the committee if there was evidence of this happening.

The committee noted that the council had received 190 days of productive ('chargeable') days per auditor in 2011/12, which exceeded the CIPFA benchmark that suggested that only 180 days is the average achieved. It would be difficult to compare the productive days of the internal and external auditors as their work was different.

Mrs A Partridge, Audit Manager, advised that the total number of chargeable audit days reduced because she had reduced her working hours.

**RESOLVED:** to approve the internal audit annual plan 2012/2013.

### **38. Audit opinion plan**

The committee considered the Audit Commission's audit opinion plan that set out the work for the 2011/12 audit using the Audit Commission's risk-based approach to audit planning.

Ms M Grindley, District Auditor, highlighted issues within the report, in particular how the council would follow the guidance following the collapse of the Icelandic banks and also on payroll on which they would rely on internal audit but would also give their own opinion. Ms Grindley also highlighted that the planned audit fee for the work on the certification of claims would be reduced if the Audit Commission did not have to put in as many hours of work as it had estimated when setting the fee. In terms of the fee of £105,000 for main audit work the fee would only change if problems arose during the audit. No problems were expected and the Audit Commission expected to rely on the work of internal audit.

The meeting closed at 6.40pm.

Chairman

Date