

Minutes

OF A MEETING OF THE



Listening Learning Leading

Audit and Corporate Governance Committee

HELD AT 6.00 PM ON TUESDAY 19 MARCH 2013

COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, CROWMARSH
GIFFORD

Present:

Mr Michael Welply (Chairman)

Mr Philip Cross, Mr David Bretherton, Ms Kristina Crabbe and Mr Paul Harrison

Apologies:

Mr John Cotton tendered apologies.

Officers:

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

Councillors also present:

Mr David Dodds, Cabinet member
Mr Neville F Harris

Also present:

Mrs A Ockleston, Ernst & Young

31 Minutes of the previous meeting

RESOLVED: to approve the minutes of the meeting held on 29 January 2013 as a correct record and to agree that the Chairman sign them as such.

32 Ernst & Young - audit plan

The Chairman agreed to consider Ernst & Young's audit plan as the first item of business.

The report was the first audit plan presented to the committee since external audit services had transferred from the Audit Commission to Ernst & Young. It provided the committee with an opportunity to review the proposed audit approach and scope for the 2013 audit. The report summarised the key risks driving the development of an effective audit and outlined the planned audit strategy in response to those risks.

Mrs A Ockleston, Audit Manager, Ernst & Young, explained that they had to give a *value for money* opinion and that the key changes were council tax and business rates, which were not such a risk for the council but had potential to cause problems. Similarly, there was a very low risk of fraud but should it occur the effect could be substantial.

Responding to questions, Mrs Ockleston stated that:

- any supplementary fee in relation to additional work to gain assurance over the new fixed asset module may amount to £2,000 to £4,000 but the council would only be charged the actual cost in addition to the indicative fee of £63,348 for the audit;
- the fee on grant work was based on the assumption that auditors identified no problems but could incur a fee in the event of problems.

Mrs Ockleston explained that different processes and methods, such as analytics, were now available to auditors since the transfer to Ernst & Young. Analytics was a computer-based tool in worldwide use that could capture whole populations of financial data and target risk areas.

The committee noted the report.

33 Business continuity and risk management update

The committee considered the annual report of the Head of HR, IT and Customer Services that provided the committee with an update on the council's business continuity and risk management arrangements, noting that officers would bring the updated risk management and business continuity strategies to the next meeting for approval.

The committee noted the report.

34 Internal audit management report

The committee considered the report of the Internal Audit Manager that reported management issues, summarised the progress of the internal audit team against the 2012/2013 audit plan up to 7 March 2013 and summarised the priorities and planned audit work for the remainder of quarter 4, 2012/2013.

Mrs A Partridge, Internal Audit Manager, advised that the two remaining audits within the 2012/13 audit plan would be completed early in April. She also advised that, owing to her impending maternity leave, an interim manager would be appointed for three days per week on a 12-month contract.

Mr W Jacobs, Head of Finance, responded to questions on the limited assurance payroll audit referring to the timing of the audit to coincide with the takeover of the payroll function by Capita and the change in processes. None of the weaknesses

identified in the audit resulted in errors and there were currently fewer errors than when the process was in-house. However, officers had put in place a new layer of verification so HR and Finance could identify any issues before each monthly payment run was made. Each month, a review took place with Capita to identify issues that needed to be addressed in future payrolls.

In responding to a question on the allocation of days for audits Mrs Partridge stated that they were split across the two councils but time taken at one council could be greater than at the other.

The committee noted the report.

35 Internal audit activity report - quarter 4 2012/2013

The committee considered the report of the Internal 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.

Mrs A Partridge, Internal Audit Manager, advised that the figure of "51" at point 4 in the table on page 25 should read "5".

Since the previous Audit and Corporate Governance committee meeting, the following audits had been completed:

Planned Audits

Full Assurance: 1

Satisfactory Assurance: 3

Limited Assurance: 0

Nil Assurance: 0

On the basis of these assurances, the committee had no further questions and noted the report.

36 Internal audit annual plan 2013/14

The committee considered the report of the Internal Audit Manager that explained the process for setting the internal audit plan, for calculating the resources available that resulted in the proposed internal audit annual plan for 2013/2014.

Mrs A Partridge, Internal Audit Manager, described the process for the allocation of days to audits.

In response to a question, Mrs Partridge confirmed that one parish council had confirmed their requirement for the council's internal audit services with two other parish councils potentially taking up the service.

RESOLVED: to approve the internal audit annual plan 2013/2014.

37 Chairman's report

The Chairman reported that the council recently received a request for early access to pension benefits from a former employee who left the council around 1990. He reported the action taken in dealing with this request.

The Chief Executive had recommended refusal of the request, and in his capacity as Chairman of the Audit and Corporate Governance Committee, he supported the recommendation to refuse the request, which would have resulted in a significant cost to the council owing to the need to top up the pension fund.

The committee noted the report.

The meeting closed at 6.35 pm

Chairman

Date