

# Minutes

OF A MEETING OF THE



Listening Learning Leading

## **Audit and Corporate Governance Committee**

HELD AT 6.00 PM ON TUESDAY 9 JULY 2013

COUNCIL CHAMBER, COUNCIL OFFICES, CROWMARSH GIFFORD

### **Present:**

Mr Michael Welply (Chairman)

Mr Philip Cross, Mr David Bretherton, Mr Neville F Harris, Mr Paul Harrison and Mrs Denise Macdonald (as substitute for Mrs Margaret Davies)

### **Apologies:**

Mr John Cotton, Ms Kristina Crabbe and Mrs Margaret Davies tendered apologies.

### **Officers:**

Mr Steve Bishop, Mrs Kathy Fiander, Mr William Jacobs and Mr Steve Bishop, Mr Shez Khan, Mrs Penny O'Callaghan, Mr Craig Pullen

### **Also present:**

Mr D Dodds, Cabinet member for finance

## **1 Minutes of the previous meeting**

**RESOLVED:** to approve the minutes of the meeting held on 19 March 2013 as a correct record and to agree that the Chairman sign them as such.

## **2 Ernst & Young: progress report**

The committee considered Ernst & Young's progress report that summarised the work undertaken by Ernst & Young since appointment as the council's auditor on 1 September 2012. The report provided an overview of the stage reached in the 2012/13 audit and sought the committee's views on whether the audit was aligned with the committee's expectations.

Ms M Grindley, District Auditor, explained that their work was entering a peak period with detailed work to do on the financial statements. The work undertaken so far had been satisfactory. They had looked at the value for money conclusion and met with auditors from which they had not identified anything that presented a risk. Their work on grant claims would commence after the work on the final accounts.

The committee noted the report.

### **3 Draft annual governance statement**

Mrs K Fiander, Democratic Services Officer, introduced the Annual Governance Statement (AGS), which explained how the council had complied with its local code of governance and also met the requirements of Regulation 4 of the Accounts and Audit Regulations 2011 in relation to an annual review of the effectiveness of the council's systems and the preparation and approval of such a statement.

The committee considered the content of the AGS noting that officers would amend it to ensure that it was up to date when the financial statements were considered and agreed at the September meeting.

In response to a question, Mr S Bishop, Strategic Director, advised that there was no one definition of internal control so it was a matter of individual councils' judgement. A key document for the committee to support the AGS was the internal audit annual report. The committee was expected to seek assurance that the standards were appropriate and so the system of internal control would evolve over time.

Mr M Welply, Chairman, drew attention to paragraph 93 and reference to councillor training, which he considered to be vitally important and on which he would welcome committee members' thoughts.

The report was noted.

### **4 Internal audit annual report**

Mr W Jacobs, Head of Finance, introduced the report of the Internal Audit Manager that summarised the work of internal audit in the year ended 31 March 2013 and advised the committee of the Audit Manager's opinion on the overall adequacy and effectiveness of the internal control environment. The report identified some weaknesses that put systems at risk and gave an unqualified opinion.

Mr Jacobs referred to paragraph 19 of the report that included performance statistics and in particular PT4, which was "to follow up 90 per cent of final reports within six months of completion of audit", which achieved a performance level of 95 per cent compared with 32 per cent in 2011 and 69 per cent in 2012.

Mr Jacobs explained how audit reports were produced and the manner in which auditees could respond and how reports could be referred to the committee.

The committee commended the work of the internal audit team.

The committee noted the report.

## **5 Internal audit activity report**

The committee considered the report of the Internal Audit Manager that summarised the outcomes of recent internal audit activity for the committee to consider along with the one audit achieving a *limited* assurance rating.

### **CAPITAL MANAGEMENT AND ACCOUNTING 2012/13**

Whilst Mr Jacobs had presented the report as auditor owing to the recently commenced maternity leave of the Internal Audit Manager, he had acted as auditee when the audit was undertaken and would act in this capacity to respond to questions. He highlighted that the management responses were set out from page 56 onwards in the report.

Mr G Hawkins, Shared Strategic Property Team Leader, advised that other priorities had impacted to prevent delivery of the asset management software but that additional resources were not required to implement the project although input was required from at least the legal and finance teams and a consultation exercise was also required. Mr Hawkins expected to meet the deadline if the project went to plan but subject to the outcome of the consultation exercise.

Mr Jacobs advised that there was always a follow-up audit after six months which should indicate delays to the project.

The committee noted the report.

## **6 Internal audit management report**

The committee considered the report of the Internal Audit Manager that reported on management issues within internal audit, summarised progress against the 2013/14 audit plan to 13 June 2013 and summarised the priorities for quarter two 2013/14.

Mr W Jacobs advised that quarters two and three would provide a better progress update owing to the amount of leave taken in quarter one as auditors were not permitted to take much in the way of leave in quarter four.

The committee noted the report.

## **7 Risk management and business continuity strategies**

The committee considered the report of the Head of HR, IT and Customer Services, that asked the committee to consider and agree the business continuity and risk management strategies. Mr S Bishop, Strategic Director, advised that there were no major changes to the strategies and drew attention to amended pages 8 and 9, which set out arrangements for more detailed testing. Mrs P O'Callaghan advised that activity would take place at least once every month. The committee would receive the results of the tests.

In response to a question, Mrs O'Callaghan advised that an emergency testing exercise was undertaken with the County Council, as part of the Emergency Plan,

which addressed infrastructure and differed from the business continuity plan that the committee was considering. Mr Bishop added that supporting these strategies were plans within the councils' service areas setting out service and resource requirements.

**RESOLVED** to approve the business continuity and risk management strategies 2013 to 2016.

**8 Committee's work programme**

The committee noted the work programme.

The meeting closed at 6.40 pm

Chairman

Date