

Minutes

OF A MEETING OF THE



Listening Learning Leading

Audit and Corporate Governance Committee

HELD ON TUESDAY 1 JULY 2014 AT 6.00 PM

COUNCIL CHAMBER, COUNCIL OFFICES, CROWMARSH GIFFORD

Present:

Ms Kristina Crabbe (Chairman)

Mr Philip Cross, Mr David Bretherton, Mrs Margaret Davies, Mr Neville F Harris, Mr Paul Harrison and Mr Michael Welply

Officers:

Mr Steve Bishop, Mr Craig Pullen, Steve Culliford, Mr Philip Ealey and Mr Nilesh Parmar

Also present:

Mr David Dodds

1 Apologies

None

2 Declaration of disclosable pecuniary interest

None

3 Minutes of the previous meeting

RESOLVED: to approve the minutes of the committee meeting held on 18 March 2014 as a correct record and to agree that the Chairman sign them as such.

4 Internal audit activity - first quarter 2014/15

The committee considered the audit manager's report on internal audit activity during the first quarter 2014/15. This summarised the outcomes of recent audit activity. Six audits had been completed during the quarter, together with six follow-up audits.

The committee concentrated on the audit report on temporary housing accommodation, which had been given limited assurance by internal audit. The committee questioned the service manager on the outstanding recommendations, noting that those scheduled for completion by the end of June 2014 had been completed. However, one recommendation remained outstanding relating to the purchase of a rent accounting software module to add to the council's existing system. A quote for the cost of this was awaited. The committee noted that temporary accommodation would be subject to a follow-up audit in the next six months.

The committee also considered a summary of outstanding recommendations from all internal audit reports over the past four years. A schedule setting these out was made available at the meeting and would become a regular part of the internal audit activity report. If it became apparent that a particular service was not implementing these recommendations, the committee could call the head of service to attend the next meeting to explain why. The committee welcomed this, noting that in recent months the number of outstanding recommendations had reduced significantly, and only two outstanding recommendations fell within internal audit's high risk category. The committee asked that relevant the head of service's title should appear against outstanding recommendations in the schedule.

RESOLVED: to

- (a) note the internal audit activity report for the first quarter 2014/15;
- (b) ask the audit manager to include the relevant head of service's name against each outstanding recommendation in the schedule for future internal audit activity reports.

5 Internal audit annual report 2013/14

The committee considered the audit manager's annual report on internal audit activity during 2013/14. Internal audit had completed the audit plan for 2013/14, and had exceeded its targets with the exception of one. The target to complete 90 per cent of follow-up audits had not been achieved as these were undertaken by a contract auditor and it was more cost-effective to group these together, which meant that the target to complete follow-up audits within six months was not always achieved. The committee accepted this explanation.

The audit manager was satisfied that sufficient internal audit work had been undertaken to allow a reasonable conclusion to be drawn on the adequacy and effectiveness of the council's risk management, control and governance processes. The audit manager's opinion was based on the risk-based audits carried out during the year and other unplanned work on control systems. No reliance had been placed on the work of other assurance bodies. It was the audit manager's unqualified opinion that satisfactory assurance could be placed on the council's risk management, control and governance processes. There was basically a sound system of internal control but there were some weaknesses which might put some system objectives at risk. Notwithstanding the audit manager's overall opinion, internal audit had identified a number of opportunities for improving controls and procedures across the council which officers had responded to positively.

Throughout the year, the audit manager had reported on systemic control weaknesses. This system had been replaced by a schedule of outstanding recommendations, which would be presented to the committee at each meeting.

Internal audit had also undertaken proactive anti-fraud testing in 2013/14 which raised no recommendations. No suspicions of fraud and corruption by officers, councillors or partners/contractors were reported to the audit manager during the year, and the audit manager had reviewed the entries within the gifts and hospitality register and had no concerns.

The committee congratulated the internal audit team on its performance throughout the year.

RESOLVED: to note the internal audit annual report 2013/14.

6 Internal audit management report - first quarter 2014/15

The committee considered the audit manager's management report on internal audit for the first quarter 2014/15. The committee noted that a new auditor had been appointed and had joined the team and that the audit manager would be returning to her post in August following maternity leave. The committee thanked Mr Pullen for his work for the council as maternity leave cover for the audit manager.

RESOLVED: to note the internal audit management report for the first quarter 2014/15.

7 External auditor's fees

The committee considered the external auditor's letter on audit and certification fees for 2014/15. Mick West from Ernst & Young reported that the indicative fee, based on past experience, would be £63,348 and for the certification of claims and returns the indicative fee was £12,830, a reduction from last year as the auditor no longer audited council tax benefits.

RESOLVED: to note the external auditor's indicative fees for audit work in 2014/15.

8 Work programme

The committee noted its work programme covering the 2014/15 municipal year.

The committee also noted that as part of its responsibility to approve the statement of accounts in September, the committee would also be required to approve the council's annual governance statement. The officers would send a draft statement to committee members for comment over the summer before the committee was asked to approve the document at its next meeting in September.

The meeting closed at 6.35 pm

Chairman

Date