

Minutes

OF A MEETING OF THE



Listening Learning Leading

Audit and Corporate Governance Committee

HELD AT 6.00 PM ON TUESDAY, 29 JANUARY 2013

**COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES,
CROWMARSH GIFFORD**

Present

Mr Michael Welply (Chairman)

Mr David Bretherton, Ms Kristina Crabbe, Mrs Margaret Davies and Mr Paul Harrison

Apologies:

Mr Philip Cross tendered apologies.

Officers

Mr S Bishop, Mrs K Fiander, Mr S Khan, Mrs A Partridge, Mr B Watson

Also present:

Mr D Dodds, Mr N Harris

Mr D Keen, Capita and Mrs A Ockleston, Ernst & Young

23 Minutes of the previous meeting

RESOLVED: to approve the minutes of the meeting held on 27 September 2012 as a correct record and to agree that the Chairman sign them as such subject to amending on page one, the sentence *"the authority to do this rested with the council's monitoring officer who had reviewed the case and declined to investigate it further"* to *"the authority to do this rested with the council's monitoring officer who had declined to carry out an investigation"*.

24 Internal audit activity report 2012/13 quarter 3

The committee considered the report of the Internal Audit Manager on the outcomes of the audits carried out during the quarter and considered the Payroll audit that achieved a limited assurance.

In considering the Payroll audit report, Mr D Keen, Capita, confirmed that the recommendation in relation to payslips had been implemented by the due date of 31 December and that electronic payslips were being developed.

In response to a comment about the non-availability of overtime forms Mr Keen clarified that overtime forms are kept by Capita but they could not be found and made available.

The committee agreed that it was a worthwhile audit given its outcomes and noted the report.

25 Internal audit management report 2012/13 quarter 3

The committee considered the report of the Internal Audit Manager that reported on management issues, summarised the progress of the internal audit team against the 2012/13 audit plan up to 17 January 2013 and summarised the priorities and planned audit work for the remainder of quarter 4 2012/13.

Mrs Partridge drew attention to the fraud self assessment check on page 42 of the report that the team would progress. In response to a question she also provided a definition of *lost days* within the report.

In response to a question concerning audit resources for parish councillors, Mr S Bishop, Strategic Director, confirmed that the Strategic Management Board had agreed to provide services to parish councils.

The committee noted the report.

26 Treasury management mid year monitoring report 2012/13

The committee considered the report of the Head of Finance that fulfilled legislative requirements to ensure the adequate monitoring of treasury management activities and that the council's prudential indicators are reported to council mid year. The report provided details of the treasury activities for the first six months of 2012/13 and an update on the current economic conditions with a view to the remainder of the year.

Mr B Watson, Shared Accountancy Manager (Technical), explained that the council's investments were performing at £120,000 above the budget target but the predictions were not for the same level of performance over the latter six months owing in part to building societies seeking funding directly from government instead of councils.

In response to a question, Mr Watson explained that those investments attracting a higher rate of interest were those that the council had invested some time ago when rates were higher. Although such rates may no longer be available, the government had requested that Lloyds Bank and RBS take on more local authority money and so the council should get a better than market rate from these institutions. L&G was performing well although the council had withdrawn £2 million from the fund as the council had reached the ceiling for investment.

The committee noted the report, making no recommendations to Cabinet for its consideration of the report on 14 February.

27 Treasury management strategy 2013/14

The committee considered the report of the Head of Finance that presented the council's treasury management strategy (TMS) for 2013/14 to 2015/16.

Mr B Watson, Shared Accountancy Manager (Technical), advised that fewer organisations were taking on the council's money and therefore the strategy recommended increasing investment with government-backed banks and building societies. Whilst building societies attracted no rating they were considered safe institutions for investment with liabilities matched by their assets.

Mr Watson explained the circumstances of borrowing by housing associations by way of bonds. He and Mr Bishop were investigating ways to lend to SOHA and for this reason reference to lending to housing associations was included within the strategy in case it came to fruition.

Officers were also considering the opportunity of bidding for £5million in the LG managed property fund, which offered minimal risk.

Whilst the council did not borrow money it was necessary to include reference to it within the strategy in case of need and the council had an overdraft facility with the bank.

The committee noted the report, making no recommendations for amendment to Cabinet.

28 Ernst & Young: Audit fee letter

The committee considered the audit fee letter, which was a little late in its presentation owing to the transfer of the Audit Commission auditors to Ernst & Young.

Mrs A Ockleston explained that the audit work was expected to be the same as the previous year although the fee to the council had reduced by about 40 per cent as a result of a reduction in the size of the Audit Commission overheads and expected efficiency savings.

The grant audit fee was an indicative figure and represented a 40 per cent reduction based on the 2010/11 fee for the same audit process but the final fee would depend on the ease with which the audit progressed.

The committee noted the report.

29 Ernst & Young: annual certification report

The committee considered Ernst & Young's annual certification report 2011/12: the work having been undertaken by the Audit Commission and also Ernst & Young after the Audit Commission's transfer. Such work was undertaken to certify claims and returns submitted to grant-paying bodies. Mrs Ockleston explained that a qualified audit in relation to housing benefit claims was not unusual.

The report drew attention to the level of error within the non-HRA element of claims. Mrs Ockleston acknowledged that such claims were complicated necessitating a lot of manual input and explained that most claims were incorrect but not for the same reasons. Auditing such claims was complicated and even more so when correcting the error means different rules have to be applied. She suggested that arranging pre-audit data cleansing would reduce future audit fees because this element of the audit was taking a disproportionate amount of time.

In response to the committee's comments on the suggestion of data cleansing Mr S Bishop, Strategic Director, agreed that this was one option to consider in seeking improvements. Another option would be for Capita to engage more senior staff on dealing with such claims that involved complicated family circumstances. The options would be investigated.

The committee noted the report.

30 Dispensations and the councillors' code of conduct

The committee considered the report of the Monitoring Officer that asked the committee to consider and agree the arrangements for dealing with requests for dispensations from councillors when having a disclosable pecuniary interest under the code of conduct.

Mrs K Fiander, Democratic Services Officer, responded to comments and questions concerning the timescale in which councillors could apply for dispensations and how such requests were dealt with at parish councils.

RESOLVED: to

1. appoint sub-committees (to be known as Dispensation Panels) comprising three members of the committee, or their appointed substitutes, and authorise the Dispensation Panel to determine dispensations referred by the Monitoring Officer;
2. appoint each member or substitute of the Audit and Corporate Governance Committee to serve on any Dispensation Panel which is convened so as to include her or him in its membership;
3. agree that wherever possible, a panel should comprise the chairman or vice-chairman of the committee plus two other members of the committee, but that this should not affect the principle that any three members of the committee or their appointed substitutes will constitute a properly appointed panel;
4. authorise the Monitoring Officer to convene panels having regard to councillors' availability and eligibility to take part;
5. adopt the procedures for dealing with dispensations set out in appendix 1 of the report of the Monitoring Officer to the Audit and Corporate Governance Committee on 29 January 2013 with effect from the date of the committee;

6. authorise the Monitoring Officer to make minor amendments to the procedures including minor or consequential amendments required for clarification, consistency and compliance with the council's style guide.

The meeting closed at 7.00pm

Chairman

Date