

## **AUDIT COMMITTEE**

**Minutes of a meeting of the Audit Committee held on Tuesday,  
26<sup>th</sup> March 2013 at 6.00 pm in Meeting Room 7, Ground Floor, Darby House, Telford**

**PRESENT:** Councillors R Sloan (Chair), D Davies, I T W Fletcher, S A W Reynolds, W L Tomlinson and C R Turley.

**Officers:** J Eatough (Assistant Director: Law, Democracy and Public Protection), J Marriott (Audit & Information Governance Manager), K Kalinowski (Assistant Director: Care & Support), A Astley (Assistant Director: Customers and People) and J Clarke (Democratic Services Officer).

**KPMG:** H Garrett

### **AUC-38      MINUTES**

**RESOLVED** – that the minutes of the meeting of the Audit Committee held on 29<sup>th</sup> January 2013 be confirmed and signed by the Chairman.

### **AUC-39      APOLOGIES FOR ABSENCE**

Councillor A Meredith

### **AUC-40      DECLARATIONS OF INTEREST**

None

### **AUC-41      KPMG FINANCIAL STATEMENTS AUDIT PLAN 2012/13**

Heather Garrett from KPMG gave a summary of the Financial Statements Audit Plan 2012/13.

The approach to the Statement of Accounts and the Value for Money conclusions had been similar to that of previous years. The audit would be on a risk based approach and would assess the controls the Council had in place to ensure sound financial standing and managing savings plans. It would also be reviewing the Council's potential liabilities ie redundancy provision and single status.

A discussion took place including:

- KPMG Global Services in India
- Savings
- Additional Costs incurred from accommodation savings ie travel to off-site meetings

**RESOLVED** – that the report be noted.

### **AUC-42      UPADTE ON THE ABACUS INTERNAL AUDIT REPORT AND IMPLEMENTATION OF RECOMMENDATIONS**

The Assistant Director: Care and Support gave an update on the progress of the Abacus Amber Report.

The Abacus system was not a stand-alone system and interfaced with Care First and Aggresso. It had been identified as the system that was the most appropriate and met the required criteria although it had been a complicated process to implement. An audit was taken in 2011. Major service restructuring had taken place with a number of employees leaving or taking up alternative posts and responsibility for the system had to be re-allocated. The service re-modernisation had also had an impact and the consequence of this was that the upgrade to version 162 fell behind. Progress had not been made in a speedy manner and this had impacted on Revenues and Benefits, ICT and Corporate Finance.

A Steering Group had now been set up to ensure that any issues of co-ordination were addressed immediately and a realistic project plan had now been drawn up. Progress had been made in regard to the paragraph 4.2 of the report and since the report had been circulated a further 2 items which had been marked as "not implemented" had moved to "in progress". There was now a clear strategic lead. A further update would be brought to the September meeting following the upgrade in July 2013 in order to assure the Committee.

A discussion took place including:

- Interaction between the key systems
- Re-structure and re-allocation of responsibilities
- Learning points and ensuring risks are identified at the beginning of a project
- Efficiency of system/duplication of work/manual system
- Reliance on ICT systems that need to communicate
- Investment into ICT infrastructure

#### **RESOLVED – that**

- a) the report be noted; and**
- b) following implementation of the upgrade in July, members receive an update on progress at the September meeting.**

#### **AUC-43      UPDATE ON THE AMBER REPORTS FROM JANUARY 2013 MEETING**

The Audit & Information Governance Manager gave an update report on the progress and implementation of the recommendations for the amber reports discussed at the January 2013 meeting.

There had been 4 Amber reports:

- Telford Town Park Visitors Centre
- St Peter and St Paul Catholic Primary School
- Telford Tennis Centre
- Bank Contract Review

A follow up had been completed on the Telford Town Park Visitors Centre and St Peter and Paul Catholic Primary School and all recommendations had now been implemented and their revised grading was now green.

The Telford Tennis Centre had received a follow up and due to progress which had been made their grading had changed to yellow. A further follow up would take place in April 2013.

A follow up had been undertaken on the Bank Contract Review and following the progress that had been made they had been re-graded to yellow. A further follow up would take place in May 2013.

The Assistant Director responsible for the Abacus review had been invited to attend at this meeting and had already given a report at AUC-42.

With regard to the Markets and Cash Collection a further follow up would be undertaken in April following the completion of a re-structure. If further progress had not been made the appropriate Assistant Director/Manager would be requested to attend the June Audit Committee in order to provide an update.

A discussion took place including:

- Tennis Centre Contract – outstanding financial regulation comment
- Bank Contract Budget – outstanding financial regulation comment

**RESOLVED – that the report be noted.**

**AUC-44      FEEDBACK FROM THE REVIEW OF EFFECTIVENESS OF THE AUDIT COMMITTEE**

The Audit & Information Governance Manager provided members with the results of the survey following the review of the effectiveness of the Audit Committee.

There had been a good return rate of the surveys and the results were overall satisfactory. There were areas that could be improved and the concerns raised were summarised at 5.8 of the report. The Members of the Committee were asked for any actions or ideas on how this could be improved.

A discussion took place including:

- The proposal to hold 3 Audit Committee meetings per year and their appropriate timing
- Information reports to be circulated in between meetings
- The calling of extra meetings as and when necessary for decision making
- Future training

It was discussed that a skills audit could be undertaken to identify any training that the Members required that were linked to the Terms of Reference of the Committee. It was confirmed that the accounts training would continue to be undertaken at the appropriate time. A suggestion was made that risk training may also be appropriate for the Committee.

It was agreed that following the Annual Council meeting in May a skills audit would be circulated to all Members of the Audit Committee and the areas of need and timetable for implementation would be agreed at the June meeting.

**RESOLVED – that**

- a) the report be noted;**
- b) a skills audit would be taken following Annual Council in May; and**
- c) a training programme and timetable be agreed at the June meeting.**

#### **AUC-45      UPDATE ON THE SPEAK UP POLICY ACTIVITY 2012**

The Audit & Information Governance Manager presented a verbal update on the Speak up Policy.

No items had been raised under the official policy during the last 12 months although items were being raised due to restructures and changes to processes rather than using the Speak Up (whistle blowing) Policy. Advice and guidance to support processes had also been given.

The Anti-fraud and Corruption Policy and Annual Report would be brought to the next meeting of the Audit Committee.

It was suggested that employees were reminded that the policies were there for use if necessary.

A discussion took place and it was agreed, following the issues within the NHS that employees were encouraged to build a better organisation by using the policies, although this needed to be conveyed in the correct manner.

**RESOLVED – that a reminder be sent to employees to use the Speak Up Policy.**

#### **AUC-46      INFORMATION GOVERNANCE STRATEGY 2012/13 – 2015/16**

The Audit & Information Governance Manager presented a report on the Information Governance Strategy 2012/13 to 2015/16.

The Information Governance Strategy would be approved by Cabinet as set out in the Terms of Reference and the Committee were asked to comment prior to the April Cabinet Meeting. The Strategy supported and drove the over-arching governance framework. Once the Strategy had been agreed the Information Governance Team would undertake risk-based exercises to ensure that the strategy has been implemented and to check that officers and members adhere to the Strategy.

A discussion took place and it was suggested that Information Governance Team be listed within 3.2 in addition to Appendix A to the report to reflect the full list of roles/responsibilities. It was also agreed that final paragraph of 5.3 to Appendix A regarding PIAs should be deleted as this was a repetition.

**RESOLVED – that**

- a) the Information Governance Team be listed within 3.2 as well as in Appendix A to the report; and**
- b) the final paragraph of 5.3 to Appendix A be deleted prior to presentation to Cabinet for approval.**

#### **AUC-47      INTERNAL AUDIT PLAN & CHARTER 2013/14 and INFORMATION GOVERNANCE WORK PROGRAMME 2013/14**

The Audit & Information Governance Manager presented a report on the Internal Audit Plan and Charter 2013/14 and Information Governance Work Programme 2013/14.

The Terms of Reference set out that approval be given and progress monitored against the Internal Audit Charter and Plan. As from the 1<sup>st</sup> April 2013 there would be new Public Sector

Internal Audit Standards and these required the Council to have a Charter outlining some of the standards. The Committee were asked to approve the Information Governance Work Programme as set out at Appendix C to the report.

With regard to the Internal Audit Plan resources were limited and were 10% less than last year, 976 days, being 931 days plus 45 days for specialist ICT audit work. This was due to the need to remove some resources and the reduction of staff hours. The impact of the reduced staff hours should be limited due to a reduction of corporate work, allowing the internal audit work to continue.

The current specialist ICT work was currently provided by an external contractor. This contract would come to an end on 31<sup>st</sup> March 2013. The Council had joined together with Staffordshire County Council, Shropshire Council and Worcestershire Council in a joint procurement process for specialist IT and general audit work which, when implemented in August 2013, would be very competitive and also would reduce costs on the tender process as Staffordshire County Council were leading the procurement process.

The Charter was reviewed on an annual basis and its purpose and responsibilities were set out at Appendix B to the report.

A discussion took place including:

- Importance of contingency plans during the coming year which would be challenging ie social fund/local crisis assistance re-settlement
- Robust processes
- Interim Audit being undertaken by KPMG
- Public Health work outlined in the plan

#### **RESOLVED – that**

- a) **the Internal Audit Plan and Charter for 2013/14 be approved; and**
  - b) **the Information Governance Work Programme for 2013/14 be noted.**
- **AUC-48      STRATEGIC RISK REGISTER**

The Audit & Information Governance Manager presented a report on the Strategic Risk Register.

Due to re-organisation and changes to risk management there had not been a formal register for 12 months. There was a requirement within the Service & Financial Planning process for reserves and balances to be assessed against a strategic risk register and the Chief Financial Officer therefore requested that the out of date register be updated to enable the assessment to take place. The new Strategic Risk Register would be taken to the March Cabinet for approval.

The significant projects at the end of the strategic risk register were subject to a clearly identified governance arrangements and were therefore not included in the strategic risk register. These were:

- Building Schools for the Future
- Waste Procurement
- Single Status
- Town Centre and Box Road

- Health reforms including the transfer of public health
- Strengthening families
- Adult Social Care – preparation for and implementation of the requirements of the Care & Support Bill
- Commercial project for additional income generation

For each of these areas there would be a project based sponsor who would report back to the Senior Management Team and members, as appropriate.

There were 7 strategic risks listed on the register at Appendix A to the report.

An emerging responsibility in respect to Emergency Planning would be Public Health emergency planning the responsibility for which would be transferred to the Council on 1<sup>st</sup> April 2013.

A discussion took place on:

- BSF Project and procurement processes
- Children's Services

**RESOLVED – that the report be noted.**

The meeting ended at 7.12 p.m.

**Chairman:**

**Date:**