

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Tuesday, 17th September 2013 at 6.00 pm in Meeting Room 7, Ground Floor, Darby House, Telford

PRESENT: Councillors R Sloan (Chair), K Austin, D Davies, I T W Fletcher, A Lawrence, S A W Reynolds,

Officers: K Clarke (Assistant Director: Finance, Audit & Information Governance), J Marriott (Audit & Information Governance Manager), P Harris (Finance Manager), B Morris (Finance Manager) A Astley (Assistant Director: Customers and People), K Turner (Assistant Director: Development, Business and Employment), J Dunn (Service Delivery Manager: Regeneration and Investment) and J Clarke (Democratic Services Support Officer).

IN ATTENDANCE:

H Garrett – KPMG
R Williams – Invited Member of Budget & Finance Scrutiny Committee
Cllr Gill Green

AUC-14 MINUTES

RESOLVED – that the minutes of the meeting of the Audit Committee held on 26th June 2013 be confirmed and signed by the Chairman.

AUC-15 APOLOGIES FOR ABSENCE

Cllr W L Tomlinson
Cllr G Reynolds – Invited Member of Budget & Finance Scrutiny Committee

AUC-16 DECLARATIONS OF INTEREST

None

AUC-17 ANNUAL GOVERNANCE REPORT 2012/13

H Garrett from KPMG presented the Annual Governance Report 2012/13.

The report summarised the key messages identified during the audit of the Council's financial statements for year end 31st March 2013 together with the assessment of the Authority's arrangements to secure value for money (VFM) in the Council's use of its resources.

Based on the work undertaken it was anticipated that an unqualified audit opinion would be issued by the 30th September 2013.

The audit identified 1 adjustment with a total value of £0.4m which related to an error with the prior period re-statement which arose from a change in the accounting policy for schools who acquired trust status. There was no impact on the General Fund balance as a result of this amendment.

KPMG had noted an improvement in the quality of the accounts together with the supporting papers. Officers of the Council dealt efficiently with the audit queries and the audit process was completed within the planned timescales.

There were some slight weaknesses in respect of individual financial systems which impacted on the audit:

- Year end cash book reconciliation – a small variance between the cash book and general ledger which resulted from a formula error in the working papers. The reconciliation also included a line for “over/under banking” which had unreconciled differences – these amounted to £3k
- The Fixed Asset Register identified that the Authority’s reconciliation of its Fixed Assets Register to the General Ledger as at 31st March 2013 was not clearly documented and did not reconcile with the general ledger. KPMG therefore had to amend their audit strategy and complete additional substantive work at year end.

KPMG’s VFM conclusion was that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

A discussion took place including:

- £0.4m adjustment with regard to trust schools
- Best Practice with regard to draft Statement of Accounts

The report would sit with the Statement of Accounts.

RESOLVED – that the report be noted.

AUC-18 2012/13 STATEMENT OF ACCOUNTS

The Finance Manager presented the Statement of Accounts for 2012/13 for which the Audit Committee had delegated authority to approve.

The audit had gone well and the Council were expected to receive an unqualified opinion.

The agreed changes had been incorporated into the report and the out-turn at the end of June showed an underspend of £0.06m which remained unchanged. No changes had impacted on the General Fund Balance.

Presentational changes to the Statement of Accounts could be found at 5.3 of the report and detailed £402K of changes.

A discussion took place around the Statement of Account and it was suggested that the use of pie charts to display the information continued and that they gave a comprehensive visual impact.

It was hoped that the Statement of Accounts would be available on the Council’s website by the end of September 2013.

The Assistant Director: Finance, Audit and Information Governance thanked KPMG’s Audit Team for a very smooth, although challenging, audit which had been undertaken in the best possible way. This was supported by the Chair together with the members of the Audit Committee.

RESOLVED – that:

- a) the 2012/13 Statement of Accounts be approved;

- b) delegated authority to the Assistant Director: Finance, Audit & Information Governance to make any presentational changes required to the Statement of Accounts prior to publication be granted.**

AUC-19 CUSTOMER FEEDBACK PERFORMANCE 1ST APRIL 2012 – 31ST MARCH 2013

The Assistant Director: Customers and People gave a report on customer feedback performance from the 1st April 2012 until 31st March 2013.

There had been a relatively small number of complaints registered compared to the number of services provided by the Council on a daily basis and against the backdrop of having delivered £42m of savings over the last 3 years and the loss of 1,000 posts. Complaints were considered to be a good form of customer feedback and were used as a form of feedback and as a learning tool to continually help improve the delivery of services.

An increase in compliments had been received by front line services from 411 during 2011/12 to 506 during 2012/13.

Complaints had risen from 738 to 1,116 during the reporting period which was an increase of 51%. The largest increase in complaints was regarding the refuse provider whose complaints had gone up from 73 in 2011/12 to 262 during the reporting period. Robust discussions were being held with the contractor as part of the monitoring of the service in order to secure improvements in service delivery. Of the 697 complaints made regarding this service 62% had elements of concern that were partly or fully upheld. From 1st April 2013, following consultation with customers, the target response rate had been increased to 15 days. During the reporting period 78% of the Stage 1 complaints had been responded to within the 10 day period.

The other main area of increase was in relation to the Revenues and Benefits Service. The impact of the current economic climate and a major increase in workloads had slowed the decision making which had resulted in increased calls to the contact centre and customers experiencing delays with calls being answered. Additional resources had since been moved into Revenues, Benefits and Customer Services to help with the increase in demand following the launch of the Government's Welfare Reforms and this had resulted in an overall improvement in customer services for the first part of the new monitoring period. Less than half of the customer complaints had been upheld. There had been some instances of a delay in the Summonses being sent out and where customers had already paid the summonses were withdrawn, the fees removed and an apology given.

There had been a small number of complaints from Leisure customers following the opening of the new Leisure Centres at Abraham Darby and Wellington Civic. These were considered to be "teething problems" which had now been addressed.

Adult and Children's Statutory Complaints had seen a decrease from the previous year and 31% of the complaints had elements that were upheld. The average time taken overall to respond to Adult statutory complaints was 39.5 which was unacceptable. Children's Statutory complaints had 22% of elements upheld and were responded to within 10 working days. A further 25% were responded to within 20 working days giving an average response time of 17.5 days. These figures needed to improve dramatically over the next 3 years.

Freedom of Information enquiries had dropped from 909 in 2011/12 to 862 during the reporting period. This was still a huge pull on officer time and resources although 90% of the

enquiries had been replied to on time. The public were still using FOI requests inappropriately.

Member enquiries logged through the Customer Quality Team had decreased during the reporting period from 319 during 2011/12 to 239. It was important that Members logged their enquiries through Customer Quality in order that response times could be monitored and the correct procedures followed.

MP enquiries had increased from 133 to 146 during the reporting period. Only 57% of responses to MP enquiries were received within 10 days. The Managing Director was unhappy with these response times and this was being monitored on a monthly basis.

Parish Enquiries had increased from 1,271 to 1,538. The Council had received positive feedback from the Parish and Town Councils.

There had been no findings of mal-administration by the Ombudsman during the reporting period.

A discussion took place including:

- The changes within the Council and staff reductions
- Quality of responses to MP enquiries and members requested more further analysis of the MP's enquiries
- The monitoring of outsourced services
- Re-design of the Council website and the introduction of self-service functionality

An update would be brought to the January 2014 Audit Committee.

RESOLVED – that the report be noted.

AUC-20 AUDIT COMMITTEE ANNUAL REPORT 2012/13

The Audit & Information Governance Manager presented the annual Audit Committee Report for 2012/13.

The work of the Audit Committee included:

- raising awareness on the need for governance (including risk management) and internal control including the implementation of both internal and external audit recommendations
- increasing public confidence in the objectivity and fairness of financial and other reporting
- reinforcing the importance and independence of internal and external audit
- providing additional assurance through a process of independent and objective review by a cross party group of elected Members including challenging Cabinet Members and Senior Officers

Other work undertaken by the Committee could be found at Appendix A to the report.

As the key assurance Committee of the Council it was accepted best practice that an Annual Report was presented to the Council on the operations of the Committee during the municipal year. The structure of the report was based on the terms of reference and included a summary of the business conducted by the Committee during the period.

There were 4 meetings of the Audit Committee in 2012/13 compared to 5 in 2011/12 and 6 in 2010/11. The reduction was due to removing the November meeting as part of the Council's continuing efficiency agenda and did not appear to have affected the effectiveness of the Committee.

During the 2013/14 municipal year the meetings of the Audit Committee would be further reduced to 3 per year. Additional meetings during the 2013/14 period may need to be called as the Committee had a large agenda to cover.. A training programme had been drafted to in order to help the Committee to become more effective.

A discussion took place including:

- The reduction of the meeting to 3 per year during the 2013/14 municipal year
- Training Sessions
- Timing of Audit Committee meetings

RESOLVED – that the report be noted.

AUC-21 DRAFT TRAINING PROGRAMME 13/14 FOR AUDIT COMMITTEE MEMBERS

The Audit & Information Governance Manager presented a report on the draft Training Programme for Audit Committee Members for the 13/14 municipal year.

The results from the skills survey undertaking in May/June 2013 had now been collated and a draft Training Programme drawn up which would be delivered during 2013/14.

Five topics had been suggested:

- Audited Accounts
- General legislation, rules and regulatory frameworks governing the Council
- Information Governance Framework
- Treasury Management
- Anti-Fraud & Corruption Policy

A discussion took place including:

- When the training sessions would take place
- Times of the training sessions
- Content of the training sessions
- Budgets for external Member training

The Statement of Accounts training had taken place prior to this meeting and the Treasury Management Training had been scheduled to take place prior to the meeting in January 2014.

It was suggested that the future dates of training could be November, January or February and that the training could start at 5.30pm due to Members' work commitments.

The constitution was currently being re-written so it was suggested that this training would be held once the document had been finalised.

RESOLVED – that following the incorporation of the changes listed above that the Training Programme be approved.

AUC-22 INTERNAL AUDIT AND INFORMATION GOVERNANCE UPDATE REPORT 2013/14

The Audit & Information Governance Manager presented the annual Internal Audit and Information Governance update report.

Internal Audit

The report provided information on the work of Internal Audit from 1st April – 30th June 2013 and gave a progress update on previous audit reports.

The key focus for quarter 1 had been the commencement of the work from the 13/14 annual plan and some audits which were carried forward from 2012/13.

Appended to the report were a list of final reports issued in quarter 1 together with budgeted time, actual time and percentage variances, a list of work undertaken for quarter one for a period of 1 day or more, previous graded report from July 2011 to March 2013 showing their current status and the summary of amber reports issued in quarter 1.

There were 3 amber reports issued during quarter 1:

- Temporary Accommodation
- Electronic Client Record
- John Fletcher Primary School

Management action plans to implement the recommendations had been agreed following the audits and Internal Audit would follow up on the planned work but were confident that the management would implement the remaining recommendation to provide appropriate assurance and improve the controls and grading.

There were five original amber reports that remained amber as at 30th June 2013. Follow ups had taken place on Corporate Parenting which had now moved to green and Arthog had now moved to yellow. The Life Cycle review was currently underway and Newport Infants School and the Car Parking Review were due to take place during September 2013.

Following the attendance of the Assistant Director: Adult Care & Support at the March 2013 Audit Committee it was agreed that a further Abacus follow up would be re-scheduled to August 2013 with an update to the Audit Committee if required. Due to a further delay with regard to implementation, it was suggested that an update by the Assistant Director be received at the January 2014 Audit Committee meeting.

A discussion took place regarding the Temporary Accommodation – Family & Cohesion (12/13) Audit and it was suggested that the Assistant Director attend at a future meeting of the Audit Committee, if no further progress was made.

Information Governance

The work programme was progressing well, although task 10 on Appendix E to the report had been slightly delayed due to the late receipt of guidance from the Information Commissioners office. Following receipt of the guidance the revised completion date for the review was now the end of December 2013.

The Council had received 333 FOI / EIR requests for the period 1/4/13 – 31/7/13 with 297 requests being responded to. The remaining 36 requests were not due to be responded to during the reporting period.

During the reporting period the Council had received 23 Subject Access Requests with the response rate of 89%. One request was on hold pending receipt of information/identification. On average it took 26 days to respond to each request.

Confirmed data breaches during the period were 29. The majority of the breaches were information sent accidentally to the wrong recipient and Information Governance were working hard with the service areas where breaches had occurred in order to improve procedures. The appropriate disciplinary action was taken where necessary.

RESOLVED – that the report be noted.

AUC-23 REVIEW AND UPDATE TO THE SPEAK UP POLICY

The Audit & Information Governance Manager gave an update on the Speak up Policy.

A revised Speak Up Policy had been approved in January 2012 according to the Terms of Reference; however, due to revised legal requirements becoming effective from June 2013, the Policy had been updated. The main changes were:

- “referrals in good faith” would be changed to “referrals in the public interest”
- Due to organisational changes

The revised Speak Up Policy could be found at Appendix A to the report.

The Council would continue to protect those providing information under the Policy but would take action against anyone who made malicious or vexatious allegations.

Once the Speak Up Policy had been agreed by Council then the updated leaflets would be put onto the intranet and the revised Policy circulated to staff.

RESOLVED – that

- a) the revised Speak Up Policy incorporating the changes outlined in paragraphs 5.1 to 5.3 be approved; and**
- b) the Speak Up Policy be recommended for adoption by the Council.**

AUC-24 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED – that the press and public be excluded from the meeting for the following item of business on the grounds that it may involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

AUC-25 CAPITAL RECEIPTS UPDATE

The Chair welcomed the Members of the Budget & Finance Scrutiny Committee who had been invited to attend the meeting.

The Assistant Director: Development, Business and Employment, together with the Service Delivery Manager for Regeneration and Investment, gave a verbal update on capital receipts.

The disposals of assets were at different stages:

- Sold and funds received
- Completion
- Sold Subject to Contract
- Currently being advertised for sale
- Seeking Planning Permission

Due to current market conditions, disposal of some of the assets were proving to be more difficult than others, although a revised schedule for disposal of assets had been drawn up covering 2013/14, 2014/15 and 2015/16. This schedule was subject to further change in response to market trends and was regularly reviewed. As additional sites were identified for disposal they were added to the disposal programme but the overall income target was maintained to reduce reliance on any one receipt. There appeared to be an improvement in market conditions which it was hoped would be reflected in values and the timeliness of disposals. Regular monthly meetings took place to look at timing for the disposal of assets noting that there were instances where an earlier disposal for a lower capital receipt was favourable in some circumstances.

A discussion took place including:

- Shortfalls
- New builds
- Market prices

RESOLVED – that the information be noted.

The meeting ended at 7.56 p.m.

Chairman:

Date: