

AUDIT COMMITTEE

**Minutes of a meeting of the Audit Committee held on Tuesday,
29th January 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: K Clarke (Assistant Director: Finance, Audit and Information Governance), J Marriott (Audit & Information Governance Manager), B Morris (Finance Manager), P Harris (Finance Service Delivery Manager), and J Clarke (Democratic Services Officer).

KPMG: H Garrett

AUC-27 MINUTES

RESOLVED – that the minutes of the meeting of the Audit Committee held on 25th September 2012 be confirmed and signed by the Chairman.

AUC-28 APOLOGIES FOR ABSENCE

Councillor A Meredith

AUC-29 DECLARATIONS OF INTEREST

None

AUC-30 KPMG ANNUAL AUDIT LETTER 2011/12

Heather Garrett gave a brief overview of the Annual Audit Letter 2011/12.

An unqualified value for money (VFM) conclusion for 2011/112 was issued on 27th September 2012.

The Authority's Whole Government Accounts (WGA) were consistent with the audited financial statements.

A slight difference had occurred to the original planned fee due to elector questions from 2009/10 and an over-run on the audit of financial statements.

A discussion took place about future challenges.

RESOLVED – that the report be noted.

AUC-31 GRANTS REPORT 2011/12

Heather Garrett gave a brief overview of the Grants Report 2011/12.

The Authority had a clean bill of health. There was only one item to bring to the attention of the Committee which was an amendment to the grant claim of £3.60.

A discussion took place including:

- Changes to grant requirements for 12/13 and 13/14 due to changes to the Housing and Council Tax Scheme and NNDR.

RESOLVED – that the report be noted.

AUC-32 ANNUAL AUDIT FEE 2012/13

There had been an amendment to the Audit Fee 2012/13 letter regarding the charge for the VFM work.

Discussions had taken place regarding the fee. It was agreed, following discussions with the Audit Commission and KPMG that the additional value for money fee should not have been charged as it had formed part of previous fees. A revised Audit Fee Letter had been produced to take into account this change and the refund of £25,000.

A discussion took place including:

- The costs associated with Elector questions and potential vexatious complaints.

RESOLVED – that the report be noted.

AUC-33 2013/14 TREASURY STRATEGY AND TREASURY UPDATE REPORT

The Finance Manager presented a report on the 2013/14 Treasury Strategy and Treasury Update for 2012/13.

This was to update the Committee on the activities during the year so far in respect to 2012/13. The Treasury Strategy for 2013/14 was due to be taken to Council with the budget papers for adoption on 7th March 2013.

The Treasury Portfolio showed an overall net indebtedness of £79.8m. Base rates had remained at 0.5% all year and were expected to continue at this rate until 2015/16 following the current indicators.

The Borrowing Strategy for 2012/13 was to use maturing investments to reduce borrowing where possible. Internal investments at the end of December 2012 were 3.9% compared to a benchmark return for the period of 0.51%.

The Treasury Management Strategy, following the guidelines and the code of practice, consulted with treasury management advisors prior to any borrowing taking place. The Council was expected to borrow up to £3.4m in 2013/14 but where possible the maturing investments would be used to reduce the level of additional borrowing in order to reduce investment exposure going forward.

A discussion took place including:

- Investment Periods
- Mature Investments
- Capital Receipts/Government Grants
- Treasury Management Training

It was suggested that a capital receipts update be brought again as an Agenda item to the September 2013 meeting.

With regard to Treasury Management Training, it was suggested that this be arranged for November 2013 prior to the January 2014 meeting.

RESOLVED – that the report be noted.

AUC-34 INTERNAL AUDIT UPDATE REPORT – QUARTERS TWO & THREE 2012/13

The Audit & Information Governance Manager presented the Internal Audit update for Quarters two and three 2012/13.

The report provided information on the work on Internal Audit from 1st July to 31st December 2012, together with an update on previous audit reports issued. This included follow ups for purchase ledger, general ledger and sales ledger audits. Audit had also continued to support the transfer of the Public Health function to the local authority ready for its implementation on 1st April 2013. A total of 31 reports were issued during the reporting period including 6 follow up reports. The report also included details of the variance in allocated time by + or – 10% which depended upon the areas of work undertaken. It was difficult to estimate the total time required, especially within new areas, but any allocations of time would be revised as appropriate. Work taking 10 days or more ie Abraham Darby new Leisure Centre and the aggro system at Arthog involved giving advice and consulting on changes in the organisation. There were currently two original amber reports that remained amber, the Abacus review and Markets and cash collection. With regard to the Abacus review, some progress had been made and a second follow up was being undertaken in order to assess the progress. The Markets were currently undergoing a re-structure and re-organisation and it was hoped that progress would be made following this.

A discussion took place including:

- Abacus Amber Report
- Markets and cash collection
- Telford town Park Visitor Centre
- Bank Contract Review
- Telford Tennis Centre

It was suggested that the Committee invite the officers concerned with the Abacus Review to report to the next meeting of the Audit Committee in March 2013.

RESOLVED – that

a) the officers concerned with the Abacus Review attend the next meeting of the Audit Committee in March 2013 but that if progress was not being made on other reports that the Audit & IG Manager have delegated authority from the Committee to invite them to the June 2013 meeting; and

b) the report be noted.

AUC-35 INTERNAL AUDIT AND INFORMATION GOVERNANCE UPDATE REPORT

The Audit & Information Governance Manager presented an update on the Annual Governance Statement 2011/12 Action Plan.

The report covered the period June to November 2012 and the Action Plan was reported to be progressing as it should.

The guidance for the transfer of Public Health to the Local Authority was still awaited. A discussion took place including:

- Re-organisation within the Council and Member/Officer contacts

RESOLVED – that the report be noted.

AUC-36 BENCHMARKING REPORT 2012

The Audit & Information Governance Manager presented the results of the CIPFA Benchmarking Exercise for Internal Audit 2012.

Benchmarking exercises have taken place over the last 3-4 years and the Internal Audit Team generally provide a good value for money service and compared well to other unitary authorities. Results from the benchmarking exercise were used to inform future planning strategies. The cost analysis from 2011/12 show actual costs and Internal Audit compared very well to other unitary authorities except on overhead costs. The level of Audit staff had reduced as had that of other unitary authorities. There were no unqualified staff and this ensured an efficient and effective service delivery. Due to the current pressures on the budget a decision had been taken to discontinue the membership of the CIPFA Internal Audit benchmarking club saving £550 per year from the 2013/14 budget onwards. Comparisons would continue through the networking groups that Audit continued to be members of and with the Council's connections to the CIPFA Audit Panel.

RESOLVED – that the report be noted.

AUC-37 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2012/13

The Audit & Information Governance Manager presented a report on the review of the effectiveness of the Audit Committee 2012/13.

It was good practice for the Council and helped to demonstrate good governance by measuring and reporting the effectiveness of the Audit Committee. It was proposed that the same survey be used as February 2012 in order that comparisons with the previous year could be made.

A copy of the survey had been circulated for comment and it was suggested that Members identify any training needs or requirements in the comments box at the end of the survey (in addition to any other comments).

The survey needed to be returned by 28th February 2013 and the results would be reported to the next meeting in March 2013.

RESOLVED – that

- a) the survey to measure the effectiveness of the Audit committee be issued as outlined in the report; and**
- b) that the results of the effectiveness survey be presented to the March 2013 Audit Committee meeting.**

The meeting ended at 7.04 p.m.

Chairman:

Date: