

Minutes of: AUDIT COMMITTEE

Date of Meeting: 3 December 2013

Present: Councillor E Fitzgerald (in the Chair)
Councillors J Frith, M Hankey, P Heneghan, S Nuttall,
K Rothwell and B Vincent

**Also in
attendance:**

Public Attendance: No members of the public were present at the meeting.

Apologies for Absence:Councillor P Bury

AU.571 DECLARATIONS OF INTEREST

Councillor Nuttall declared a personal interest in any item that referred to Lowercroft Primary School as she was a Governor at the school.

AU.572 MINUTES OF THE LAST MEETING

Delegated decision:

That the Minutes of the last meeting of the Audit Committee held on 22 August 2013 be approved as a correct record and signed by the Chair.

AU.573 PUBLIC QUESTION TIME

There were no members of the public present to ask questions under this item.

AU.574 AUDIT COMMITTEE TRAINING - PROTECTING THE PUBLIC PURSE

Barrie Strothers, Head of Internal Audit gave a presentation setting out the contents of a recent Audit Commission report looking into and advising on the extent of fraud against Local Government.

It was explained that the main areas of fraud risk to Local Government were:-

Procurement
Tenancies
Housing and Council Tax Benefit
Business Rates
Right to Buy
Social Care
Insurance Claims
Disabled Parking Concessions
Schools
Internal Workforce and;

Economic and Third Sector

Barrie explained that the main three areas of fraud against Local Government were Procurement Fraud, Tenancy Fraud and Housing and Council Tax Benefit Fraud with a combined national worth of just over £2 billion. The remaining were valued at around £7.2 million.

Barrie reported that from April 2014 there would be the roll out of the Single Fraud Investigative Service which will combine Benefit Fraud investigators from Councils, Department of Work and Pensions and Her Majesty's Revenue and Customs into one single welfare benefits investigation service.

It was agreed:

That Barrie be thanked for his presentation.

AU.575 PUBLIC SECTOR INTERNAL AUDIT STANDARD

Barrie Strothers, Head of Internal Audit presented a report setting out a new set of standards that had been published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA) and had come into force on 1 April 2013. The report informed Members of the changes to the way that Internal Audit will be assessed.

It was explained that until 2013, the CIPFA Code of Practice for Internal Audit in Local Authorities in the UK was recognised as best practice and had been adopted by the Council. Annual reviews were performed to assess the level of compliance against the Code and the results reported in an annual report to the Audit Committee.

The new standards that had been published - the Public Sector Internal Audit Standards (PSIAS) were based upon the mandatory elements of the IIA International Professional Practices Framework (IPPF) as follows:-

- Definition of Internal Auditing
- Code of Ethics
- International Standards for the Professional Practice of Internal Auditing.

It was explained that the objectives of the PSIAS were to:-

- define the nature of internal auditing within the UK public sector,
- set basic principles for carrying out internal audit in the UK public sector,
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved processes and operations, and;
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

Appended to the report was the PSIAS in detail and the evaluation undertaken by Head of Internal Audit. The result of which had resulted in the necessity to update the Internal Audit Charter and introduce a Code of Ethics for Internal Audit. Both documents were appended to the report.

It was also explained that further requirements of the Standard were:-

- The development and maintenance of a quality assurance and improvement programme
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme within the Annual Report.

Barrie reported that these two areas were already covered within the Internal Audit reports that the Committee received on a regular basis.

Delegated decisions:

1. That the report be accepted as this will help the Head of Internal Audit to achieve the Standards for Internal Audit as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA).
2. That the revised Internal Audit Charter and the new Code of Ethics for Internal Audit. Committee be approved.

AU.576 FINANCIAL MONITORING REPORT APRIL 2013 TO SEPTEMBER 2013

The Assistant Director of Resources, Steve Kenyon, presented a report updating Members of the Committee on the Authority's financial position in line with the Committee's Statement of Purpose to 'provide independent scrutiny of the authority's exposure to risk and the control environment'.

The report indicated that the Authority was projecting an overspend of £0.696m for the year based on spending and income information as at 30 September 2013.

A fuller version of the report will be considered by Overview & Scrutiny; 4th December.

Delegated decision:

That the contents of the report be noted.

AU.577 QUARTERLY GOVERNANCE STATEMENT JULY 2013 TO SEPTEMBER 2013

The Head of Internal Audit, presented a report providing Members with a quarterly update on the Annual Governance Statement which had been approved by the Audit Committee at its meeting on June 25 2013.

The report gave an update on the continuous monitoring that was carried out and highlighted any relevant issues with regards to Risk Management, Business Continuity, Budget Monitoring, the work of Internal Audit, Review of Ethical Governance, the work of the Governance Panel, Gifts and Hospitality and Sickness levels across the authority's staff.

The up to date Corporate Risk Register was appended to the report and informed Members of the risk event and status. It was explained that the Risk Register had been updated to reflect the most current high level risks facing the organisation.

Delegated decision:

That the contents of the report be noted.

AU.578 GIFTS AND HOSPITALITY

Steve Kenyon presented a report providing Members with an update of the system to declare, monitor and report gifts and hospitality offered to or received by staff and Members.

The report covered the period July 2013 to September 2013.

Delegated decision:

That the contents of the report be noted.

AU.579 ANNUAL AUDIT LETTER 2012/2013

The Assistant Director of Resources, Steve Kenyon presented the Annual Audit Letter which had been received from Bury's External Auditors, KPMG.

The letter confirmed that the audit of the Council's accounts had been completed and that an unqualified opinion had been issued in relation to both the accounts and the Authority's arrangements for securing value for money as required by the Audit Commission's Code of Practice.

Delegated decision:

That the contents of the Annual Audit Letter be noted.

AU.580 EXCLUSION OF PRESS AND PUBLIC

Delegated decision:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

AU.581 INTERNAL AUDIT PROGRESS REPORT

The Head of Internal Audit submitted a report briefing the Committee Members on

the work being carried out currently by Internal Audit in line with the Annual Audit Plan 2013/2014.

Details of work undertaken and Audit Reports issued were included in the report with significant issues highlighted.

Delegated decision:

That the contents of the report be noted

AU.582 INTERNAL AUDIT FEEDBACK

The Head of Internal Audit submitted a report providing feedback to Committee Members in the form of responses to specific issues raised in relation to Audit Reports and queries.

Delegated Decision:

That the contents of the report be noted.

COUNCILLOR E FITZGERALD
Chair

(Note: The meeting started at 7.00 pm and ended at 8.25 pm)