

**Minutes of:                   AUDIT COMMITTEE**

**Date of Meeting:** 15 December 2014

**Present:** Councillor E Fitzgerald (in the Chair)  
Councillors P Heneghan, Mallon, S Nuttall, N Parnell,  
R Walker and Whitby

**Also in attendance:** A Baldwin – Head of Financial Management  
S Janusz – Head of Procurement and Project Planning  
S Kenyon – Assistant Director of Resources and Regulation  
T Rees - KPMG  
J Sheard – Auditor

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

**Apologies for Absence:**Councillor M Bailey and Councillor K Rothwell

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**AU.393           DECLARATIONS OF INTEREST**

There were no declarations of interest made at the meeting

**AU.394           ANNUAL AUDIT LETTER 2013/2014**

Trevor Rees, Partner, KPMG presented the Annual Audit Letter which had been issued by 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 Council's arrangements for securing value for money as required by the Audit Commission's Code of Practice.

Appended to the report were the key issues and recommendations, a summary of reports issued and the audit fees.

**Delegated decision:**

That the contents of the Annual Audit Letter be noted.

**AU.395           EXTERNAL AUDIT PROGRESS REPORT**

Trevor Rees representing KPMG presented a report providing the Committee with an overview on the progress made in delivering their responsibilities as the Council's external auditors.

It was explained that the work on the financial statements and Value for Money for 2013/2014 had been completed and the work on the financial statements for 2014/2015 had commenced.

The certification of claims and returns was nearing completion and the Grant Certification report in relation to the Audit Commission returns will be presented to

the Audit Committee at its next scheduled meeting.

**Delegated decision:**

That the contents of the report be noted

**AU.396 MINUTES OF THE LAST MEETING**

**Delegated decision:**

That the Minutes of the last meeting of the Audit Committee held on 4 September 2014 be approved as a correct record and signed by the Chair.

**AU.397 MATTERS ARISING**

Further to Minute AU.219 of the Minutes of the Last Meeting and a question asked by Councillor Walker in reference to the Adult Care Services spend per adult, Steve Kenyon presented the Committee with information which provided a breakdown of the figures and comparisons to other authorities.

**AU.398 PUBLIC QUESTION TIME**

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

**AU.399 AUDIT COMMITTEE TRAINING - PROCUREMENT CONTROLS**

Sarah Janusz, Head of Strategic Procurement and Project Planning attended the meeting to inform the Committee on the way that the Council procures its goods and services.

The presentation set out the Procurement Framework; systems used for sourcing, ordering and making payments; Governance; Risk Management - the procurement cycle; and monitoring.

It was explained that the Procurement Framework started with legislation then the Councils Vision, Values and Outcomes, the Procurement Strategy - Buying into Bury and the Contract Procedure Rules.

The Council used an electronic business portal called 'The Chest' to source its goods and services. The Chest is a regional collaboration which has access to a business database and e-tendering functionality which allows the Council to get the best prices and high quality tendering which is open and transparent.

The system allows providers to tender for business on the one site. The advantages were that the system was secure, there was a complete audit trail, the system allowed verification by legal services and reduced the administration costs. It also allows users to see the opportunities available and to ask and share information relating to them in an open arena.

The Council uses P2P (Procure to Pay) within the Agresso System to order most of its goods. The one system is used from requisition of goods to invoice and there is also a punch out facility with on-line catalogues available for ease of use.

The advantages of the system were explained and included the up-front authorisation of expenditure, reduction to the risk of fraud, administration costs reduced and a reduction in the payment period.

It was also explained that the Council had issued payment cards to staff that required them for face to face payment and other internet purchases. The scheme was run through the Royal Bank of Scotland and was shared with Manchester City Council which offered further benefits.

There were specific rules about how and when the cards should be used and these were explained to the card holder in detail. There was a clear audit trail on purchases which reduced the risk of fraud.

The procurement cycle was set out in a diagram and it was explained that there were a number of gateways within the cycle where specific questions were asked before proceeding to the next stage.

The Procurement Team were also responsible for managing contracts to ensure best Value for Money and continued competitiveness. All contracts were reviewed at an appropriate time and if changes were required then these could be negotiated.

All purchasing was monitored regularly and the Council was required to identify all spending over £500 and publish this information regularly.

Sarah explained that there were Key Performance Indicators that were being worked towards and these were monitored monthly and annually.

Members were given the opportunity to ask questions and the following points were raised:-

- Councillor Whitby asked whether the procurement team would ensure that service level agreements were being met when a service had been procured at department level.

Sarah explained that support was given to all departments going through a procurement exercise and all specifications would be reviewed to ensure that they were appropriate.

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- Councillor Walker referred to the added value requirement that was incorporated into some contracts and asked whether the contractors were aware that this had to be provided when they tendered for the job.

Sarah explained that they would be aware of the requirement to add value as this would be set out within the legal pack and information relating to the contract.

- Councillor Parnell asked whether the Council were using local providers more.

Sarah explained that the 'Buying into Bury' strategy ensured that local providers and suppliers were given the opportunity to quote. The strategy ensures that the Council work closely with the Bury Chamber of Commerce and have access to a database of local suppliers.

- Councillor Mallon referred to the use of payment cards and asked who would be responsible if something was bought in error and had already been paid for.

Sarah explained that the item would still be able to be returned for a refund as would happen anywhere.

- Councillor Walker asked what the threshold was for European tenders.

Sarah reported that the threshold for goods and services was £172,514 and for construction £4,322,012.

- Councillor Walker asked how much information members were given in relation to contracts and tenders now that they were applied for on line.

Councillor Parnell stated that the cabinet had received regular information on contracts and tenders when he was a member.

Councillor FitzGerald stated that the Audit Committee would be receiving updates on some of the Key Performance Indicators relating to contracts and tendering.

- Councillor Walker referred to the Council using local contractors and suppliers and stated that this would not be good if all Council's were to do the same.

Sarah explained that local suppliers would be considered and this would be across Greater Manchester as well as across Bury. If a non local supplier offered a better service and value for money then local suppliers could be overlooked.

**It was agreed:**

That Sarah be thanked for her presentation.

**AU.400 FINANCIAL MONITORING REPORT APRIL TO SEPTEMBER 2014**

The Assistant Director of Resources and Regulation, 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 £1.459m for the year based on spending and income information as at 30 September 2014.

A fuller version of the report had been considered by Overview & Scrutiny at its meeting on the 9<sup>th</sup> December.

**Delegated decision:**

That the contents of the report be noted.

**AU.401 GOVERNANCE STATEMENT APRIL TO SEPTEMBER 2014**

The Head of Financial Management 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 July 15 2014.

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, 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.

Also appended to the report was a report that had been presented to the Overview and Scrutiny Committee on 9 December 2015 outlining sickness absence statistics and the actions being taken to contribute to the reduction in the levels of absence sickness.

Members were given the opportunity to ask questions and the following points were raised:-

- Councillor Mallon referred to the fact that the numbers of staff was reducing and asked if plans were in place in case a flu epidemic type of emergency where staff were not available to attend.

Steve explained that emergency plans covering people, place, systems and supplies had been introduced to cover such a scenario.

- Councillor Mallon referred to the pie charts within the sickness report and asked what the blank label within the charts was highlighting.

Steve explained that he would find out what this label meant and whether actions needed to be taken in this area.

- Councillor Heneghan asked why the number of disability related sickness days was much higher within AdultCare Services that the

other departments.

- Councillor FitzGerald asked if the information could be further broken down to reflect length and frequency of sickness and whether trends could be identified.

**Delegated decision:**

That the contents of the report be noted.

**AU.402 UPDATED ANTI FRAUD AND CORRUPTION STRATEGY**

Andrew Baldwin presented a report providing Members with an updated version of the anti-fraud and corruption strategy. It was explained that the strategy had been updated in order to take account of changes in department and post titles and the impact of the 2013 Whistleblowing Code of Practice.

Attached to the report was the revised document which was set out in 8 parts.

The Anti Fraud and Corruption Strategy had last been presented to the Audit Committee at its meeting in December 2013 and a number of changes have occurred since that meeting that required the Strategy to be updated.

Members were given the opportunity to ask questions and the following points were raised:-

- Statistics in relation to Benefit and Council Tax Fraud and the frequency that the Whistleblowing Policy was used;
- Promotion of the Whistleblowing Policy;
- Whether External Customers and service providers were assessed for risk of fraud and corruption

It was explained that all of the fraud and corruption identified within the Council was recorded and that very detailed information was produced.

The Whistleblowing Policy was promoted to staff to ensure them that any concerns they had could be raised and would be dealt with in the correct manner.

**Delegated decision:**

That the updated Anti-Fraud and Corruption Strategy be accepted.

**AU.403 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.404 INTERNAL AUDIT PROGRESS REPORT APRIL TO SEPTEMBER 2014**

The Head of Financial Management submitted a report briefing the Committee Members on the work being carried out currently by Internal Audit in line with the Annual Audit Plan 2014/2015.

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

It was reported that the 2015/2016 Draft Internal Audit Plan would be brought to the Audit Committee Meeting in March 2015.

**Delegated decision:**

That the contents of the report be noted

**AU.405 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 9.20 pm)**