

Minutes of: AUDIT COMMITTEE

Date of Meeting: 25 January 2016

Present: Councillor J Mallon (in the Chair)
Councillors E Fitzgerald, Southworth, R Walker, Whitby and
M Wiseman

Also in attendance: Andrew Baldwin – Head of Financial Management
Steve Kenyon – Interim Assistant Director of Resources and
Regulation
Robert Fenton – KPMG
Rashpal Khangura - KPMG

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

Apologies for Absence: Councillor N Bayley and Councillor S Nuttall (CL)

AU.660 DECLARATIONS OF INTEREST

Councillor Mallon declared a personal interest in any item relating to education in the borough as his wife works in a Bury school.

Councillor Walker declared a personal interest in item 11 on the agenda – Internal Audit Report - Members' Feedback as he is a past Mayor of Bury.

Councillor Sarah Southworth declared a personal interest in any item relating to Persona as her husband's accountancy business has been awarded the contract to Audit Persona.

Councillor FitzGerald declared a personal interest in any item relating to Persona as she is a Non Executive Director of the Persona Board.

AU.661 TRAINING - RISK MANAGEMENT

Steve Kenyon, Interim Executive Director of Resources and Regulation gave a presentation giving an overview of the Council's approach to risk management.

It was explained that risk was anything that may affect the achievement of the Council's priorities and objectives, the uncertainty that surrounds future events and outcomes, and the expression of likelihood and impact of an event with the potential to influence the achievement of Council's objectives.

Risk management is a planned and systematic approach to the identification, measurement, analysis, assessment, control, reporting and subsequent monitoring of risks which threaten the Council and the services it provides.

Steve explained the importance of risk management :-

- Increases risk awareness
- Increases understanding of risk
- Promotes a healthy risk culture

- Develops a common and consistent approach to risk across the Council
- Improves outcomes – achievement of objectives
- Enables accountability, transparency and responsibility
- Ensures “Going Concern”

Performance gains were explained as being:-

- Lower risk related costs
- Better targeting of resources
- Better outcomes on corporate objectives
- Delivery of innovative projects
- Better outcome for service users
- Protection of reputation

Bury has a Risk Management Strategy which is reviewed on an annual basis.

There is a Corporate Risk Management Group, Operational Risk Management Group and Risk Champions across the authority whose role is to ensure that staff across all areas are aware of risks and how to report them.

The Risk Register is updated regularly and takes account of risks as they occur.

Risks are assessed on likelihood and impact and given a scale of 1 to 4 for each which when calculated gives a score between 1 and 16.

The Audit Committee receives an update of the Risk Register at each meeting and is asked to scrutinise each of the risks registered. The Committee is also asked to review information and reports on risks and ensure they are being managed and ensure the Internal Audit Plan is in line with risk priorities.

The three lines of defence are:

- Operational Management
 - Risk Management
 - Internal Policies and Procedures
 - Internal Control
- Management overview
 - Supervision and Review
 - Performance Management Framework
 - Reporting
- Independent Overview
 - Internal and External Audit
 - Audit Committee
 - External Review – CQC, Ofsted

Future developments were reported as:-

- Develop risk assurance mapping
- Link Internal Audit Plan to Corporate Risks
- Develop a broader view of Partnership Risk

- Consider how devolution will effect Risk

Those present were given the opportunity to ask questions and comments and the following points were raised:

- Councillor Walker referred to the Operational Risk Management Group and asked whether there are representatives from Children, Young People and Culture and Communities and Wellbeing on the group as these are responsible for vulnerable people.

Steve explained that there are 2 representatives from each department on the group.

- Councillor Whitby asked at what level risks are owned as it seemed quite high level rather than on the ground.

Steve explained that all staff and Members are encouraged to record and manage their own risks.

- Councillor Walker asked whether all staff are trained on the issue.

Steve explained that risk management is included as part of the staff induction. There are also risk champions within departments whose role was to ensure that all staff are aware of risks and how to manage them.

It was agreed:

That Steve be thanked for the presentation.

AU.662 MINUTES OF THE LAST MEETING

Delegated decision:

That the Minutes of the last Meeting held on 3 November 2015 be approved as a correct record and signed by the Chair.

AU.663 KPMG AUDIT PLAN

Rashpal Khangura, Engagement Lead, KPMG presented a report setting out the Plan for the work that KPMG would be undertaking relating to 2015/2016 in their role as the Council's External Auditors.

The plan covers two key areas of responsibility; Financial Statement Audit and Value for Money.

The other areas that the External Auditors will be undertaking work on are outlined within the report and includes the Council's Minimum Revenue Provision Policy, the New Model of Delivery in relation to the LATCo which has been established to deliver Adult Social Care Provider Services, and the Council's Investment Property Acquisition Strategy.

The report sets out the Audit fee which is reported as being 25% less than the

2014/2015 fee.

Those present were given to opportunity to ask questions and make comments and the following points were raised:-

- Councillor Mallon referred to the flooding that had taken place over the Christmas Period and stated that the Council would have to find the balance between expectation and output in relation to support for these types of events. It would be difficult to measure this.

Delegated decision:

That the Draft External Audit Plan 2015/2016 be accepted.

AU.664 KPMG ANNUAL REPORT ON GRANTS & RETURNS WORK 2014/2015

Robert Fenton, KPMG, presented a report summarising the results of work that has been carried out by KPMG on the Council's 2014/2015 grant claims and returns.

The work completed for 2014/2015 in relation to grants and returns was reported as:-

- Council Housing Benefit Subsidy Claim
- Teacher Pension EOYCa Return
- Pooling of Housing Capital Receipts Return

It was reported that each of the 3 has received an unqualified opinion.

Delegated decision:

That the contents of the report be noted.

AU.665 FINANCIAL MONITORING REPORT. APRIL 2015 - SEPTEMBER 2015

The Interim Executive 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 focussed on the revenue budget, balance sheet, procurement activity and the minimum level of balances.

The report indicated that the Authority is projecting an overspend of £0.933m for the year based on spending and income information as at 30 September 2015.

- It was asked whether the Council would be able to claim back the costs incurred due to the floods that had occurred on Boxing Day.

Steve stated that once the costs have been quantified and the claims submitted he would bring a response back to the Committee.

- Councillor Walker referred to the reduction in car parking fees and asked

why this was happening?

It was explained that there were more private operators across Bury such as The Rock and the Millgate. There were also a number of private land owners who were renting out their land to park on for a cheaper daily rate. Plus people were avoiding paying car park charges by parking for free outside of the Town Centre.

Delegated decision:

That the contents of the report be noted.

AU.666 QUARTERLY GOVERNANCE STATEMENT APRIL TO SEPTEMBER 2015

The Head of Financial Management, Andrew Baldwin, presented Members with a report setting out the quarterly update on the Annual Governance Statement that had been approved by this Committee at its meeting on 15 July 2015.

The report gave a quarterly update on the Risk Register, Business Continuity, Budget Monitoring, the work of Internal Audit, the work of the Governance Panel, an update on Gifts and Hospitality and an update on Sickness Recording.

Appended to the report was the revised Corporate Risk Register which informed Members of the risk event and status.

It was explained that the appended register covered the Quarter 2 period of April 2015 to September 2015. The most up to date register would be forwarded to all Members following the meeting.

Also included within the report was an update of sickness absence statistics and the actions being taken to contribute to the reduction in the levels of sickness absence.

Councillor FitzGerald asked that the information on the table be changed to reflect the reduction to staffing levels and how this affected statistics.

Delegated decision:

That the contents of the report be noted.

AU.667 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.668 INTERNAL AUDIT PROGRESS REPORT APRIL 2015 TO SEPTEMBER 2015

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 2015/2016.

Details of work undertaken and Audit Reports issued were included in the report with significant issues highlighted. This included work carried out against the approved plan, details of final reports issued since the last Audit Committee meeting and a suite of performance indicators.

Delegated decision:

That the report be accepted.

AU.669 QUARTER 2 INTERNAL AUDIT REPORTS - MEMBERS' FEEDBACK

The Head of Financial Management submitted a report providing feedback to Committee Members in the form of responses to specific issues raised in relation to Audit Reports and queries. This included details of cash transactions occurring with a value over £1000, and those audits that have been revisited since the last meeting on 3 November 2015. All of the follow ups were carried out successfully and no issues had been identified.

Councillor Mallon referred to the information provided and asked that another column be added to show whether the recommendations accepted had been implemented.

Delegated Decision:

That the contents of the report be noted.

AU.670 INTERNAL AUDIT PLAN 2016/2017

Andrew Baldwin, Head of Financial Management, presented the Committee with the 2016/2017 Annual Plan.

The report set out the proposed Internal Audit Plan for the year 2016/2017.

Appended to the report was the methodology used to prepare the plan and a full breakdown of the plan itself.

Delegated decision:

That the 2016/2017 Internal Audit Annual Plan be endorsed.

COUNCILLOR J MALLON
Chair

(Note: The meeting started at 7.00 pm and ended at 8.40 pm)