

**Minutes of:                   AUDIT COMMITTEE**

**Date of Meeting:** 22 August 2013

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

**Also in attendance:** Rachel Lindley  
Adam Langan

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

**Apologies for Absence:**Councillor M Hankey and Councillor P Heneghan

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**AU.269           AUDIT COMMITTEE TRAINING - HOW THE COUNCIL PROCURES ITS  
GOODS AND SERVICES**

Sarah Janusz, Head of Strategic Procurement attended the meeting to give the Members of the Committee an overview of the way in which the Council procures its goods and services.

The presentation set out the Procurement Strategy 2013 – 2015: Buying into Bury, the key spend categories, how the Council engages with the Bury Business Community and how the Council works in collaboration with other Councils and partners.

It was explained that it was a good time to look at procurement due to a number of different factors including:-

- Reductions in funding
- Increasing demand for services
- The requirement to get more for less
- Demonstrating best value for money, and;
- Ensuring procurement is embedded in governance arrangements

It was explained that the procurement strategy 2013 – 2015 was entitled 'Buying into Bury' and set out how the Council would:

- Ensure best value
- Deliver local economic benefit

The Strategy contributes to corporate vision, values and outcomes, sets out key performance indicators, Procurement structure, tools and techniques as well as external influences and challenges.

It was reported that contracts would usually fall into one of four categories:

- Routine - Low value, low risk – minimise acquisition costs, use frameworks, efficient order processes (Furniture, Highways materials, cleaning materials, etc)

- Bottleneck - Low value, high risk – Strategies include multiple suppliers, back-up contractors and partnering (mail services, traffic management, housing management etc)
- Leverage – High value, low risk – maximise economies of scale through collaboration (utilities, ICT, Agency Staffing, catering etc)
- Strategic – High value, high risk – use procurement expertise, ensure adequate resourcing and strong project management (Adults Social Care, Children’s Social Care, Construction – properties, Construction – Highways)

The top ten contracts were:

• Utilities	£2.7m
• Capital project	£2.7m
• Care contract	£2.4m
• Repairs/Maintenance Contracts	£1.7m
• Utilities	£1.7m
• Capital project	£1.4m
• Capital project	£1.4m
• Care contract	£1.3m
• Care contract	£1.2m

Sarah explained that the Council had established a relationship with the local Chamber of Commerce and had put a number of different initiatives in place including the use of ‘The Chest’ which allowed local companies to view and tender for Council opportunities, the use of PQQs (pre qualification questionnaires), meet the buyer events, supplier feedback and payment terms for subcontractors.

The Council was also working in collaboration with AGMA and the Yorkshire Purchasing Organisation.

Members of the Committee were given the opportunity to ask questions and make comments and the following points were raised:-

- Councillor Bury asked whether the Council had set terms and conditions in relation to contractors employment of staff. Councillor Bury referred to the use of zero contract hours and agency staff.

Members of the Committee were given the opportunity to ask questions and make comments and the following points were raised:-

- Councillor Bury asked whether the Council had set terms and conditions in relation to contractors employment of staff. Councillor Bury referred to the use of zero contract hours and agency staff.

Sarah explained that there was a list of social criteria that would be considered when developing the strategy for a particular procurement project. Relevant criteria could be incorporated into the contract requirements and these would then form part of the awarded contract

**It was agreed:**

1. That Sarah be thanked for her presentation.

2. That the KPIs and Social Criteria/Guidance list are circulated to the Audit Committee.

**AU.270 DECLARATIONS OF INTEREST**

Councillor Rothwell declared a personal interest in any item that referred to Council finances as he was a tenant of Six Town Housing and a Governor at a Bury school.

**AU.271 MINUTES OF THE LAST MEETING**

**Delegated decision:**

That the Minutes of the last meeting of the Audit Committee held on 25 June 2013 be approved as a correct record and signed by the Chair.

**AU.272 PUBLIC QUESTION TIME**

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

**AU.273 AUDITED STATEMENT OF ACCOUNTS**

Further to Minute AU.133 of the meeting of this Committee held on 25 June 2013, The Assistant Director of Resources (Finance and Efficiency) presented a report setting out the work that had been carried out by KPMG in relation to the Authority's accounts and the findings from that work.

It was reported that no adjustments had been identified that had an impact on the Council's revenue, capital or HRA outturn for 2012/13; only 2 technical adjustments had been identified; one recommendation had been made and this had been classified as low risk by KPMG; the quality of the Council's accounts and working papers had remained at a high level and it was explained that this was the fourth year that that the Council had presented its audited accounts to the Audit Committee one month earlier than the statutory deadline.

**Delegated decision:**

1. That the 2 technical amendments to the Accounts recommended by KPMG be approved.
2. That the final version of the Statement of Accounts for the 2012/2013 financial year be approved in line with the provisions of the Accounts and Audit Regulations (England) 2011.
3. That the matters and issues arising from the audit and contained within the ISA (UK+I) 260 Financial Statement Report presented by KPMG be noted.

4. That the letter of representation signed by the Assistant Director of Resources (Finance and Efficiency) which was presented at the meeting be approved.
5. That KPMG be thanked for their support and advice during the audit process.

#### **AU.274 ISA 260 AND BURY'S RESPONSE**

Rachel Lindley, representing KPMG, the Council's External Auditors, presented a report summarising the key findings from their work in relation to the financial statements for the year ending 31 March 2013 and their assessment of the Authority's arrangements to secure Value for Money in its use of resources.

It was explained that KPMG had substantially completed their work on the 2011/2012 financial statements and it was anticipated that an unqualified audit opinion would be issued by the end of August 2012.

The Assistant Director of Resources (Finance and Efficiency) presented the Letter of Representation which had been signed by him and the Chair of the Audit Committee, Councillor Elizabeth FitzGerald to KPMG which was required before the audit opinion could be issued.

#### **Delegated decision:**

That the findings of the report be accepted.

#### **AU.275 FINANCIAL MONITORING REPORT - APRIL 2013 TO JUNE 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 £0.869m for the year based on spending and income information as at 30 June 2013. Steve explained that the month 3 forecast was always very cautious given the relatively early stage in the year.

#### **Delegated decision:**

That the contents of the report be noted.

#### **AU.276 QUARTERLY GOVERNANCE STATEMENT**

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.277 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 January 2013 to June 2013.

**Delegated Decision:**

That the contents of the report be noted.

**AU.278 EXTERNAL AUDIT PROGRESS REPORT**

Rachel Lindley representing KPMG explained the work programme that they would be undertaking for the forthcoming year.

**Delegated decision:**

That the report be noted

**AU.279 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.280 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.281 INTERNAL AUDIT - MEMBERS' 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 8.45 pm)**