

## Audit Committee



Date:	Thursday, 21 March 2013
Venue:	Town Hall, St. Annes
Committee members:	Councillor John Singleton (Chairman) Councillor Brenda Ackers (Vice Chairman) Councillors Christine Akeroyd, Kath Harper, Howard Henshaw, Linda Nulty, Richard Redcliffe, Louis Rigby
Other Councillors:	None
Officers:	Tracy Morrison, Paul O'Donoghue, Ian Curtis, Savile Sykes and Paul Rogers
Other Attendees:	None

### 1. Declarations of interest

Members were reminded that any interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Localism Act 2011. No declarations were made.

### 2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 30 January 2012 as a correct record for signature by the Chairman.

### 3. Substitute members

The following substitutions were reported under Council procedure rule 25:

Councillor Richard Redcliffe for Councillor Ben Aitken.

### 4. Planning Code

Councillor John Singleton, Chairman, referred members to paragraph 4 of the report before them and informed the committee that one of those members who had been consulted had not seen the revised protocol for planning. Ian Curtis, Head of Governance confirmed that the members referred to in paragraph 4 of the report had been consulted via email at the end of last year and one member had not responded. He reminded members that Audit committee would be making recommendations to Council for final approval.

Following discussion, it was RESOLVED that consideration of the report be deferred until the next available Audit committee meeting to enable consultation with members of the Development Management Committee regarding the proposed revised protocol for planning.

#### 5. Corporate Governance Improvement Plan 2012/13

Tracy Morrison, Director of Resources, presented a report relating to the Corporate Governance Improvement Plan actions which had been reported to the last meeting and the request of the committee to report back on the status of objectives AGS 2 and AGS 7.

Ms Morrison referred to the action in respect of AGS 2 which read 'Develop and deliver a targeted programme of equalities training and guidance for all staff'. She informed members although the equality act starter kit had been rolled out to managers, it would need to be cascaded down amongst their teams. In the strictest sense, she advised that the status should read 'Substantially Complete' with the anticipation that this would be completed by June this year. Regarding objective AGS 5 relating to the review and upgrading of the Corporate and Communications Strategy, she advised that this had now been reviewed and upgraded in line with the action described in the report and that the draft would now be presented to Management Team. On a point of clarification in respect of objective AGS 7 relating to Business Continuity arrangements, she suggested that the final paragraph in the comment would be better worded to say 'Review completed and Plan refreshed including the reflection of the new management structure'.

Councillor John Singleton, Chairman, thanked Ms Morrison for the report and updates on the objectives. He requested that the Committee be further updated on objective AGS 2 at the next meeting.

It was RESOLVED that the committee notes the latest position and that an update be presented on objective AGS 2 to the Audit committee meeting in June.

#### 6. Constitution

Tracy Morrison, Director of Resources, reminded members that the Audit Committee's terms of reference included responsibility for advising Council on changes to the constitution.

In presenting the report, Ms Morrison informed members that for the budget Council meeting held on the 4 March 2013, the Council meeting was run in line with a local convention which had been used for the last few years for those meetings. She informed the committee that those procedures were a deviation from the constitution and she advised that in order to provide clarity in the future, that the constitution be amended to include the local convention. She informed the committee that the convention had been agreed by the political groups and the convention procedure was outlined in Appendix 1 attached to the report.

Councillor Howard Henshaw asked why non aligned members were not mentioned in the proposed procedure relating to alternative budget amendments. Ms Morrison advised that even though it was not set out in the note in the Appendix to the report, the two non aligned members would be offered the same courtesy in debate as the main political groups. She agreed with members that an amendment to the note on that procedure would strengthen the rule.

Following discussion, it was RESOLVED that Council adopts the attached procedure as set out in Appendix 1 to the report for its budget Council meetings as part of its constitution subject to non aligned members being included in the note relating to the presentation of alternative budget amendments.

#### 7. Internal Audit Plan 2013/14

Savile Sykes, Head of Internal Audit, presented a report which outlined the Internal Audit Plan for the financial year 2013/14 and briefly described the methodology used in its production.

In taking members through the various sections in the report, Mr Sykes emphasised that those risks which had been identified by key managers via consultation together with those areas which were already included in the audit universe were then risk assessed on the basis of the considerations set out in paragraph 3 in the report. The risks were then scored and prioritised for inclusion in the Audit Plan. He drew members' attention to the other elements of the plan referred to on page 13 of the report such as key financial systems that are audited on an ongoing basis and other areas reviewed annually, such as corporate governance and anti-fraud activities. He also emphasised that the Plan needed to be flexible to allow for changes in circumstances after the completion of the risk assessment and pointed out that a contingency element had been included. Any significant changes during the year would be reported to the next Audit committee meeting.

Mr Sykes referred to the proposed Audit Plan for 2013-14 at Appendix 1 to the report. He took members through the various sections and emphasised that the number of days allocated to each audit area was based on knowledge of the work involved and professional judgement. He informed the committee that some day totals could fluctuate due to various unforeseen circumstances.

Councillor Linda Nulty asked whether the Local Plan would be eligible to be included in the audit plan as it was taking a long time to finalise it. Mr Sykes informed the committee that the local plan issue had not been raised as a potential issue during his consultations. He advised members that the annual Risk Management Workshop took place on 22 March where the local plan issue would be discussed and that an action plan would be considered at that meeting. Tracy Morrison, Director of Resources, confirmed that the local plan issue would be discussed when considering the Annual Risk Management report which was scheduled for the next Audit committee meeting.

After discussion it was RESOLVED that the Annual Internal Audit Plan 2013-14 be approved.

#### 8. High Priority Actions (Update)

Savile Sykes, Head of Internal Audit, presented a report which, in accordance with a request from the last meeting of the committee, updated members on the current position with regard to the high priority actions identified at the last meeting.

Mr Sykes referred to paragraph 4 of the report regarding IT upgrades and bug fixes and informed members that once the proposed procedure note to support the new process has been agreed, he was relatively content that all the necessary arrangements would be in place. He advised that he would like to ensure that the procedures were operating robustly before he gave his final assurance.

Councillor John Singleton, Chairman, referred to a communication he had received from Andrew Cain, Customer, ICT and Service Improvement Manager, which was as follows:

'ICT and the Information Asset Administrators (IAA) have agreed a procedure for updating systems to minimise the risk of system failure. The procedure has been circulated to middle managers and the IAA. A quarterly meeting has been scheduled in to allow regular dialogue between ICT and IAA. Both of these actions address the outstanding high priority action around ICT'.

Councillor Singleton suggested that the proposed update regarding how the system is operating be presented to the June committee meeting.

Mr Sykes referred to paragraph 5 in the report and reminded members that a contract that had been entered into for the administration and management of penalty notices issued at car parks. He advised that the Council's officers and the company that was supplying the service were operating in accordance with the terms and conditions of the contract document even though the contract had not been signed. Also, he had been advised by the Council's legal services that because the Council and the company were operating within the terms of the contract, the contract was legally binding despite not being signed. He informed the committee that the amount being charged by the company for its services was in accordance with the originally agreed terms. In the light of the advice received Mr Sykes indicated that he was minded not to pursue the issue further.

Councillor Linda Nulty and several other members expressed the view that because the contract had not been signed, the situation could leave the Council open to potential problems.

In response to a member's question, Mr Sykes informed the committee that he had not spoken to the other local authorities named in the contract about the current situation.

Mr Sykes referred to paragraph 6 of the report regarding the non specialist work in respect housing grants and the fact that New Fylde Housing had only one external approved contractor for which quotations for work were received instead of two quotations which was the norm for private sector dwellings. He informed members that an agreed schedule of prices had been agreed for repair work 3 years ago and they had not increased to date. Since the last committee meeting, he had contacted New Fylde Housing officers who had indicated that they had nominated two approved contractors for this work which, if correct, would address the issue.

In response to a member's question, Mr Sykes informed members that it was New Fylde Housing as owners of the properties that commissioned the work. However, in practice it was this Council's officers who obtained the prices on behalf of New Fylde Housing.

It was RESOLVED subject to (1), (2) and (3) below, the report be noted

- (1) An update report on the high priority action with regard to the ICT upgrades as referred to in paragraph 4 of the report, be presented to the next meeting.
- (2) In relation to the administration and management of penalty notices at this Council's car parks as referred to in paragraph 5 of the report, the Council's responsible officer be requested to attend the next meeting to explain in the form of a report, the history, issues and why the contract document has not been signed.
- (3) With regard to the nominated contractor issue concerning non specialist work in relation to housing grants as referred to in paragraph 6 of the report, an update be presented to the next meeting.

## 9. Annual Review of Counter Fraud Policies

Savile Sykes, Head of Internal Audit, presented a report which requested the adoption and approval of the Anti-fraud & Corruption Policy and Strategy, the Whistleblowing Policy, the

Anti-Money Laundering Policy, Anti-Bribery Policy, and the Forensic Readiness Policy. He informed members that those policies had been refreshed to reflect changes to legislation and corporate arrangements and the changes were set out in the report. He advised that the policies referred to above created an integrated approach to tackling fraud.

After discussion, it was RESOLVED that the policy documents attached as Appendices to the report and amendments described be approved.

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