

Audit Committee



Date:	Thursday, 26 January 2012
Venue:	Town Hall, St. Annes
Committee members:	Councillor John Singleton JP (Chairman) Councillor Brenda Ackers (Vice-Chairman) Councillors Ben Aitken, Christine Akeroyd, Leonard Davies, Kath Harper, Louis Rigby
Other Councillors:	Councillor Karen Buckley and Charlie Duffy
Officers:	Paul Walker, Allan Oldfield, Tracy Scholes, Ian Curtis, Gary Sams, Paul O'Donoghue, Andrew Wilsdon, Savile Sykes, Paul Rogers
Other Attendees:	Iain Leviston (KPMG)

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000. No declarations were declared.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 10 November 2011 as a correct record for signature by the Chairman.

3. Substitute members

There were no substitutions.

4. Annual Audit Letter - 2010/11

Iain Leviston presented the Annual Audit and Inspection letter which gave the Auditor's opinion on the Council's performance and financial management and an opinion on the Council's preparation of the financial statements. The letter summarised the key issues arising from their 2010-11 audit of the Council. He referred Members to the key points which were set out on page 11 of the Audit Letter and that the accounts had required very few adjustments. He made reference to the high priority recommendation shown on page 12 and informed the Committee that the Council had advised him that it was well on the

way to getting the issues resolved. He drew Members attention to the figure set out in the paragraph relating to Certification of Grants and Returns in Appendix 3 on page 15 and advised that currently the actual figure was just over £25,000. The increase was due to additional auditing of grant claims required as a result of the change in the Revenues and Benefits IT system introduced by the shared service with Blackpool Council. He would be presenting a report on grants and certification to the next Audit Committee meeting.

It was RESOLVED that the Annual Audit and Inspection Letter 2010-11 be noted.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote.)

5. Sandwinning Operations

Paul Walker (Director of Development Services) presented a report regarding the investigation about the possibility that sand was being removed from Squires Gate beach without payment to the Council.

Councillor Christine Akeroyd welcomed the report and requested that the beach area be monitored over the coming months with a review of the issue being brought to the September meeting of the Audit Committee.

It was RESOLVED that

- (1) the Committee notes the investigation which is that there is no evidence that sand is being removed without payment to the Council;
- (2) the issue referred to in (1) above be monitored and that an update report be submitted to the September meeting of this Committee.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote.)

6. Strategic Risk 2011-2012

Andrew Wilsdon (Insurance and Risk Management Officer) presented a report which summarised the work undertaken in completing the Strategic Risk Actions contained in the 2011-12 Risk Register. He made particular reference to paragraph 2.3 on page 22 of the report and advised that 15 actions had been completed by 31 December 2011. He also drew members attention to the table on page 22 and advised that the delays in the sale of the Wesham site (RMAP 1) and the Derby Road and St Davids Road (RMAP 4) sites were causing delays in the Accommodation work (RMAP 4) due to the fact that monies received from the sale of all three sites would be utilised in the accommodation refurbishment. He informed the Committee that the officers were endeavouring to achieve the right price. With regard to the final action in respect of the Planning LDF (RMAP 5), he advised that the original completion date had been delayed due to changes that had been made by Cabinet resulting in the completion date being revised to 31 March 2012.

In response to the Chairman's concern about delays in the actions, Paul Walker (Director of Development Services) advised that dates which had been set at the outset were best estimates. He further advised that there were many issues which had to be addressed initially and those together with a slow rate of enquiries. Since bids were submitted, negotiations had taken longer due to considerations around compliance with planning policies. Together these had culminated in the delays to the sale. He further informed the Committee that the actions were being closely monitored by the Accommodation working group and the LDF Steering group with reports from those groups being submitted to Cabinet.

Councillor John Singleton, Chairman, expressed his concern that delays could cause costs to rise on the accommodation refurbishment. Paul Walker advised that at the current point in time he was unaware of any increases to costs that might arise due to the delays. He added that the Accommodation working group would report on the costs issue in due course.

It was RESOLVED that

- (1) the progress made on completing the Strategic Risk Actions for 2011-12 be noted;
- (2) a review of the actions set out in the table in paragraph 2.4 be submitted to the June Audit Committee meeting and the Cabinet Portfolio Holder and / or the Risk Management Group be informed of the Committees actions and concerns.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote)

7. Sale of Clifton (Lytham) Housing Association - Recommendations for Consideration

Tracy Scholes (Director of Resources) presented a report detailing the recommendations of the Task and Finish Group appointed to look into the processes and procedures surrounding the sale of Clifton (Lytham) Housing Association Ltd.

In summary, the report outlined previous deliberations on the matter and the subsequent decision of Council at its meeting 28 November 2011 which sought to consider the impact on the Council's Constitution by the Audit Committee.

Mrs Scholes informed the committee that Mark Towers, (Blackpool Council's Monitoring officer) had already initiated the review and would be undertaking interviews with Councillors Kiran Mulholland, David Eaves (Leader) and John Singleton. Officers to be interviewed will be herself, Ian Curtis (Monitoring Officer), Annie Womack and Lyndsey Lacey (Principal Democratic Services Officers). She emphasised that the purpose of the review was to ensure that the Constitution was fit for purpose and identify whether it could be strengthened as a consequence of the Task and Finish group recommendations.

The Chairman requested that Councillor Charlie Duffy also be interviewed.

In response to a Member's question, Mrs Scholes informed the Committee that Mr Towers was heavily involved with the Association of Democratic Services Officers and delivered training nationally on democratic standards. The cost to the Council would be in the region of £1000. She advised that a further report with a draft of the revised constitution would be submitted to the March Audit Committee with a view to going to Council in June.

It was RESOLVED that

- (1) subject to recommendation 1 on page 25 being considered by the Member Development Steering group on 17 February 2012, the Committee notes recommendations 2 to 11 on page 25 of the report;
- (2) the Committee notes that a further report is being submitted to the March Audit Committee meeting regarding the review and that Mark Towers be requested to attend the meeting.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote)

8. Regulation of Investigatory Powers Act 2000: Authorisations

Ian Curtis (Monitoring Officer) presented a report regarding the Council's use of covert surveillance and covert human intelligence sources during the quarter October to December 2011.

It was RESOLVED that the information in the report be noted.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote)

9. Corporate Governance Improvement Plan 2011-12

Ian Curtis (Monitoring Officer) presented a report which monitored progress in fulfilling the Corporate Governance Improvement Plan. Actions on AGS 2, 3 and 4 were outstanding but should be completed by March 2012 the previously agreed completion date. AGS 4 was scheduled to be completed on time.

The Chairman expressed concern about the potential slippage and requested an update at the March meeting.

It was RESOLVED that a further update report on AGS 2 and 4 be submitted to the March Audit Committee meeting

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote)

10. Internal Audit Interim Report 2011-12

Savile Sykes (Chief Internal Audit) presented a report which summarised the work undertaken by internal audit from April to December 2011 and performance information for the same period. He referred to table 1 on page 36 and informed Members that the levels of assurance were categorised as low, medium or high level, 1 being low and 5 being high. Referring to paragraph 3 on Follow Up Work and Table 4, which summarised agreed recommendations implemented he hoped that the 82 per cent implementation rate would increase over the final quarter. He made reference to the Council's involvement in the National Fraud Initiative which had resulted in savings in the region of £53,000 during the previous exercise. He drew attention to paragraph 4.6 on page 39 and the recognition of the benefit fraud partnership between Preston City Council and this Council by the Institute of Revenues, Rating and Valuation as an exemplar of partnership working, receiving the Institute's Gold Award. In referring to the Internal Audit Plan at paragraph 7, he informed the Committee that at the end of December 68.4 per cent of the plan had been completed, suggesting that the 90% target for the year would be achieved. In response to a Member's question, he informed the Committee that a substantial amount of fraud payments are returned to this Council as a deduction from ongoing benefits entitlement.

Councillor Kath Harper referred to the number of actions implemented in relation to Contracts & Tendering as shown in Table 4 on page 38 and asked why so few had been implemented. Mr Sykes advised that an audit had been carried out of the contract and tendering arrangements and that subsequently 8 actions were still outstanding. One was low priority and the remainder were medium priority.

The Chairman referred to Table 3 on page 37 and the high risk in relation to the data security weaknesses and the slippage in implementation date. Mr Sykes informed the Committee that this action was at the final stage and was on the point of being implemented.

The Chairman also referred to IA6 in Table 6 on page 41 'High/Medium Priority' actions implemented by management and the low percentage compared to the previous year. Mr

Sykes advised that managers still had the opportunity to complete the implementation of agreed recommendations but that this was the current situation.

It was RESOLVED that

- (1) a further update with regard to the high priority Data Security weakness action point and its implementation be submitted to the March Audit Committee meeting;
- (2) an email be sent to Audit Committee members setting out the percentages of completion of the high risk priorities shown in Table 3 on page 37 of the report

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote.)

11. Effectiveness of Internal Audit

Savile Sykes (Chief Internal Auditor) presented a report which gave the findings of a review by external audit on the effectiveness of internal audit against the criteria set out in the Code of Practice for Internal Audit. He drew attention to the Actual Assessment shown on page 50 of the report and that all actions had been implemented.

It was RESOLVED that

- (1) the Committee notes the findings of the external audit review on the effectiveness of internal audit and confirms the conclusion that there is compliance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006;
- (2) The Committee expresses its thanks to the Audit team for the splendid work during the year to date.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote.)

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