

Audit Committee



Date:	Thursday, 29 March 2012
Venue:	Town Hall, St. Annes
Committee members:	Councillor John Singleton JP (Chairman) Councillor Brenda Ackers (Vice-Chairman) Councillors Ben Aitken, David Chedd, Leonard Davies, Tony Ford, Kath Harper
Other Councillors:	Cllrs Buckley and Duffy
Officers:	Tracy Morrison, Mark Towers, Paul O'Donoghue, Savile Sykes, Annie Womack
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 26 January 2012 as a correct record for signature by the Chairman.

3. Substitute members

Councillor Tony Ford for Councillor Howard Henshaw

Councillor David Chedd for Councillor Linda Nulty

4. Audit Plan – KPMG

Iain Leviston of KPMG presented the Audit Plan for the forthcoming financial year. He referred to the two key areas of work in 2011/12 which were the Savings Plans and the Code Changes. In conjunction with VFM work, there would be a critical assessment of the controls in place to ensure a sound financial standing and a review of how the council is

planning and managing its savings plans, ensuring that those controls are sufficiently robust. There would also be a review of the authority's assessment of its liabilities and provisions in the 2011/12 financial statement. The Authority would need to review and address the changes introduced by the Code of Practice, in particular the introduction of accounting procedures and the new requirement to obtain valuations for certain "heritage assets".

The audit approach was outlined within the report and Mr Leviston gave members a summary of how they would deliver the financial statements audit work for the Authority.

As in the previous year, their approach to value for money work would follow guidance provided by the Audit Commission, and they would specifically look to ensure that the council has proper arrangements in place for securing financial resilience, for example in managing financial risks and opportunities effectively, and securing a stable financial position for the foreseeable future. Also that the council has arrangements in place for challenging how it secures economy, efficiency and effectiveness, such as achieving cost reductions and improving efficiency and productivity.

The audit deliverables and timetable, and the fees, were set out within the body of the report.

Members had some queries relating to the new Code on valuing heritage assets. Mr Leviston explained that certain assets such as paintings would now require a valuation and would be shown on the balance sheet in future. The Code indicated that insurance values could be used. Their value must be recorded even if they were not realizable assets.

It was RESOLVED to note the report, and that Iain Leviston be thanked for his attendance.

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

5. Certificate of Grants and Returns 2010/11

Iain Leviston, Manager - KPMG, presented a report which summarised the results of the work on the certification of the Council's 2010/11 grant claims and returns.

He advised members that unqualified certificates had been issued for two grants (Disabled Facilities and NNDR). However, the Housing Benefit and Council Tax claim had a qualification; this was because testing of the initial audit sample had identified a case where benefit had been underpaid. He explained why the claim could not be amended and instead must be qualified.

There had been no adjustments this year to claims, and he confirmed that the authority has good arrangements in place.

Certification fees were higher than estimated and he explained that this was in part because of the introduction of a new benefits system half way through the year, necessitating checks on both systems, which meant that the audit process was more difficult and time consuming. Additionally there was a small increase on the NNDR claim as additional testing had to be completed as part of a three year cycle of audit tests.

It was RESOLVED to agree the certificate of grants and returns and note the report.

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

6. Governance Review - Melton Grove Task and Finish Group Recommendations

Tracy Morrison (Director of Resources) presented a report summarising the work undertaken to consider the recommendations of the Task and Finish Group which had been established to review the sale of Clifton (Lytham) Housing Association Ltd. Council had referred those recommendations to the Audit Committee for their observations and review. At the last meeting of the Audit Committee, Mark Towers (Blackpool Council's Monitoring officer) had been asked to consider the recommendations.

Ms Morrison informed the committee that Mark Towers had had undertaken the review in early 2012, interviewing members and officers.

Mr Towers then took members through all of the recommendations from the Task & Finish Group and the suggested actions to achieve them, as appended to the report.

In response to a member's question, Ms Morrison agreed that although there was already a requirement in place for members elected to outside bodies to report back, it would be emphasised through a fresh approach, and through whichever new protocol was agreed upon, that there would be a clear duty for those members to report back to scrutiny or council.

It was clarified that where the Head of Governance was referred to in the recommendations, this would be changed to the Monitoring Officer.

It was RESOLVED

- (1) To approve the commentary and suggested actions and to recommend them to council.
- (2) to ask that the Audit Committee receive an update on progress as part of the Constitution Review due to come to committee in June 2012

(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. Regulation of Investigatory Powers Act 2000: Authorisations

Savile Sykes, Head of Internal Audit, presented this report regarding the Council's use of covert surveillance and covert human intelligence sources (CHIS) during the quarter December 2011 to March 2012.

There had been no instances of covert surveillance or CHIS.

It was RESOLVED to note the information in 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.)

8. Corporate Governance Improvement Plan 2011-12

Mr Sykes also presented this report which monitored progress in fulfilling the Corporate Governance Improvement Plan, appended to the report. At the last meeting of the Audit Committee, a further progress report had been requested.

Actions on AGS 2 (Item 3) and AGS 4 (Item 7) were on target for completion in April 2012.

It was anticipated that AGS 3 (Item 5) would be completed by September 2012, and AGS 5 (Item 8) was now scheduled to be completed by December 2012. Mr Sykes explained that delays had been caused by the restructure.

It was noted that the updated Procurement Strategy, outlined in Item 7, should be brought before a scrutiny committee for review.

It was RESOLVED

(1) To note the latest position

(2) And that a further update report be submitted to the Audit Committee meeting when available.

(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. Internal Audit Plan 2012-13

Mr Sykes presented a report which outlined the Internal Audit Plan for the financial year 2012-13 and briefly described the methodology used in its production. He advised that a risk-based audit plan had been prepared based on a risk assessment which considered materiality, business risk, assurance, sensitivity and time. The risk scores were statistically weighted and provided a level of relative risk for each system. He made reference to other key elements in the assessment, such as the inclusion of key financial systems, and the annual review of corporate governance and anti-fraud activities.

Mr Sykes advised members that the Plan had been drawn up in consultation with the s151 officer, and that it had been endorsed by Management Team.

Under the Planned Reviews, the work relating to CRB checks was to be accommodated within the payroll and the community services (licensing) reviews and with the agreement of the committee it was planned to include a review of the homelessness service. He agreed that he would provide members with an updated Plan (attached to these minutes).

It was RESOLVED

to approve the Annual Internal Audit Plan 2012-13, and note the adjustments to it as outlined above.

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

10. Annual Review of Counter Fraud Policies

Savile Sykes, Head of Internal Audit, presented a report regarding the annual review of the Counter Fraud policies which include the Anti-Fraud and Corruption Policy and Strategy, the Whistleblowing Policy, the Anti-Money Laundering Policy and the Sanction and Prosecution Policy. In addition, an Anti-Bribery Policy had been developed for approval.

He reminded members that the Committee had agreed to an annual review in March 2010. All the policies had been comprehensively reviewed, refreshed to reflect any corporate changes, and amended where necessary. The Anti-Fraud and Corruption Policy had been amended to include a reference to the new Anti-Bribery policy which was attached to the report as an appendix.

Mr Sykes clarified that the Anti-Bribery policy applied to both officers and members, and that it supplemented the Code of Conduct.

The other policies had not been significantly amended and were therefore not attached to the report. All the policies could be viewed on the Council's intranet.

It was RESOLVED

to approve the Anti-Bribery policy document attached to the report, and the amendments described.

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

11. Data Security High Priority Action (Update).

Mr Sykes also presented this report, for information only. At the last Audit Committee meeting, Mr Sykes had been asked to provide a further report to the March 2012 meeting regarding the Data Security high priority actions, of which one was still outstanding, and to outline the current position.

He advised members that the audit of key data sets had been completed, and where necessary, timetabled action plans had been put into place. The Council's Senior Information Risk Officer was satisfied that robust arrangements were in place and would monitor the situation on a continuous basis.

Internal audit had now had an opportunity to examine relevant evidence and was satisfied of the completion of the high priority action for each directorate.

It was RESOLVED to note the report.

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

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FYLDE BOROUGH Council
Internal Audit Plan 2012/2013 (revised)

Main Financial Systems	Days	Sub Totals
Cash Collection	2	
Council Tax	17	
Creditors	18	
Housing /CTax Benefit	33	
Main Accounting	1	
National Non-Domestic Rates	19	
Payroll	20	
Sundry Debtors	18	
Treasury Management	1	129
Planned Reviews		
Car Allowances & Expenses	18	
Development Servs - Licensing	18	
FMS – MOT Service	12	
Homelessness Service	18	
Vehicle & Plant	20	
Follow Up Work	10	
Slippage (FMS, Procurement, Purchasing)	25	121
Corporate Governance		
Annual Governance Review	8	
Audit Committee – Review of Effectiveness	2	
Internal Audit – Review of Effectiveness	4	
Risk Management	18	32
Computer Audit		
Data Protection	18	
ICT Audit Liaison/Assistance	18	
Follow Up Work	1	37
Anti-Fraud		
National Fraud Initiative	10	
Prevention of Fraud & Corruption	3	
Follow Up Work	3	
Slippage (Fraud Awareness)	5	21
Other Audit Work		
Authorisation Schedules	5	
Cancelled/Replacement Cheques	11	16
Communication/Consultancy		
General Consultancy/Advice	23	
IA Communication/Liaison	23	46
Reactive Work		
Contingency	50	50
TOTAL AUDIT WORK	452	452

Audit Team

Management & Administration	169	169
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Non-Audit Work

Benefit Fraud Monitoring/Liaison	8	
Controlled Stationery	1	
Corporate & Democratic Core	13	
Other	12	34

TOTAL DAYS ALLOCATED	655	655
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