

Audit Committee



Date:	Wednesday, 30 January 2013
Venue:	Town Hall, St. Annes
Committee members:	Councillor John Singleton (Chairman) Councillor Brenda Ackers (Vice Chairman) Councillors Ben Aitken, Leonard Davies, Kath Harper, Howard Henshaw, Julie Brickles, Louis Rigby
Other Councillors:	None
Officers:	Paul O'Donoghue, Ian Curtis, Andrew Wilsdon, Savile Sykes and Paul Rogers
Other Attendees:	Jillian Burrows and Matthew Geddis (KPMG)

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 14 November 2012 as a correct record for signature by the Chairman.

3. Substitute members

The following substitutions were reported under Council procedure rule 25:

Councillor Julie Brickles for Councillor Linda Nulty .

4. Audit Plan – KPMG

Jillian Burrows, representing KPMG, presented the Audit Plan for the forthcoming financial year. She informed members that the report covered the various elements of their audit responsibilities, the approach to financial statements and value for money. In taking members through the various sections in the report she drew members' attention to the approach on the various elements that KPMG would be undertaking in the audit plan and the impact on audit set out on page 15. Members were reminded that their planned audit fee for 2012/13 would be reduced by 40 per cent compared to fee for 2011/12. She emphasised that which was in line with the government's commitment to reduce the

burden on public bodies in terms of the audit process. She emphasised that the Audit Commission gave specific guidelines about what is included and excluded in the fee and any variances needed to be ratified by the Commission. In reply to a member's question, she informed the committee that the fee reduction reflected a change in audit practice across local government and the National Health Service. The Council, however, would still receive the same level of input from KPMG.

Councillor John Singleton, Chairman, referred to the Local Authority Mortgage Scheme indicated as a risk. He asked Ms Burrows if KPMG had audited any other Councils who had implemented the scheme and had those councils encountered any problems. Ms Burrows advised that they had audited other councils who had implemented the scheme and no problems had come to light.

Following discussion, it was RESOLVED that the KPMG Audit Plan for 2012-13 which is in line with previous years, be noted.

5. Certificate of Grants and Returns 2011/12

Matthew Geddes, representing KPMG, presented the report which summarised the key outcomes from the certification work on the Council's 2011-12 Grants and Returns and showing where either audit amendments were made as a result of their work or where KPMG had to qualify the audit certificate. He emphasised there was a need to make just one amendment which was to the NNDR return in the sum of £401.32. He noted that given that the value of the return was over £21.8m this amendment was not significant. He also drew members' attention to the overall fee that would be decreasing on the previous year by £5,455.

Councillor John Singleton, Chairman, was pleased to note that there were no priority recommendations emanating from the work carried out by KPMG.

Following discussion, it was RESOLVED to note the KPMG report on the Certificate of Grants and Returns 2011-12.

6. Corporate Governance Improvement Plan 2012/13

Ian Curtis, Head of Governance, presented an update report regarding the Corporate Governance Improvement Plan 2012/13. Members were reminded that the Audit Committee was charged with adopting the Annual Governance Statement and monitoring the progress in fulfilling the Corporate Governance Improvement Plan.

The report detailed the progress on achieving the actions set out and the most recent performance plan. Mr Curtis drew members' attention to those actions which had not been completed. He referred to AGS 2 relating to equalities training and guidance and explained to the committee how this would be rolled out to employees with a completion date shortly after the end of March. Action 6 relating to AGS 4 relating to the Codes of Conduct had now been completed. Following the staffing restructure, there was a view that the Codes of Conduct for both members and officers would need to be reviewed but on review further changes were not necessary. Finally, AGS 7 regarding the Business Continuity arrangements was well under way. This action had taken longer than was expected due to the extensive corporate restructure. Following the restructure, the arrangements had been revisited to ensure that they were sound and robust.

Discussion ensued regarding the need for urgent maintenance to the Town Hall in view of the recent damage caused by storms. The view was that the Town Hall should be

maintained so as not to pose any threat to the public or employees. Councillor John Singleton, Chairman, suggested that the matter should be drawn to the attention of the appropriate Committee and Portfolio Holder responsible for such matters.

Councillor Singleton drew attention to the fact that objectives AGS 2 and AGS 7 had been brought forward from last year. He requested that there should be an update on these at the March meeting.

After discussion it was RESOLVED that

- (1) the Committee approves the Corporate Governance Improvement Plan and requests that an update be presented to the March meeting regarding progress on objectives AGS 2 and AGS 7.
- (2) the appropriate Committee and Cabinet Portfolio Holder be informed of this committee's concern in respect of Town Hall maintenance issues in view of recent storms and the need for the building to properly maintained following those storms.

7. Regulation of Investigatory Powers Act 2000: Authorisations

Ian Curtis, Head of Governance, presented a report on the above. The Committee was reminded that Councillors are obliged to review the use of covert surveillance and covert human intelligence sources by the council at least quarterly. In the quarters to September and December 2012, there were no authorised operations.

It was RESOLVED that the Committee note the information in the report.

8. Strategic Risk 2012/2013

Andrew Wilsdon, Risk and Emergency Planning Officer, presented a report which summarised the work undertaken in completing the Strategic Risk Actions contained in the 2012-2013 Risk Register. In taking members through each section of the report, he drew members' attention to the table on page 48 and to the fact that the first seven of the risks contained in the table were regarding the accommodation project and had been delayed due to the sale of three properties not being completed. The reasons for the remaining two issues under Planning/LDF and Water Management not being completed were due to outside organisations being involved, as shown in the table, and were matters which were beyond this Council's control. Other than the non completed actions shown in the table, the other actions had been completed.

With regard to a member's query about the delays for the sale of Council property, costs involved and concerns about the fabric of the Town Hall, Councillor John Singleton, Chairman, informed the committee that he had been assured by the Chief Executive that matters were progressing regarding the sale as quickly as possible. Members were of the view that if progress on the accommodation project was to be delayed long term, the repairs to the Town Hall would need urgent consideration.

After discussion, it was RESOLVED that, subject to the comments in (1) and (2) below being passed to the Cabinet Portfolio Holder and /or the Strategic Risk Management Group, progress made on completing the Strategic Risk Actions for 2012-2013 be noted and that the actions be further reviewed at the June meeting.

- (1) the committee's concern regarding the mounting costs of the accommodation project due to the delays in the sale of the property involved.

- (2) if progress on the accommodation project is to be delayed long term, consideration be given to urgent repairs to the Town Hall.

9. Internal Audit Interim Report 2012/2013

Savile Sykes, Head of Internal Audit, presented a report which summarised the work undertaken by internal audit from April to December 2012 and performance information for the same period. In taking the committee through the various sections of the report, with regard to the assurance levels in table 2, he emphasised that the majority were Substantial assurances with one audit area being given Full assurance. He referred to the High Priority Risks set out in Table 3 and advised the committee of the reasons why three risk actions had not been completed. With regard to Table 3, he informed members of the following update on the car parking figures:

Number Implemented 16

% Implemented 80

The totals were, therefore, amended accordingly showing that the overall implementation rate had increased to 83 per cent which was still lower than the five year average implementation rate of 86 per cent. An update on those high priorities which had not been addressed would be given at the next meeting.

Mr Sykes advised members that since the report had been written, two areas in the Performance Indicator Results in Table six needed updating as follows:

Current to 31/12/12

IA4 83%

IA6 84%

Mr Sykes referred to Table seven and drew attention to the Housing and Tax Benefits and also the Localised Support for Council Tax areas which had overrun and the reasons for the overrun.

In response to a member's query on adequate controls in relation to the risk of exposure to significant loss in car parks and fuel and payments areas, Mr Sykes assured the committee that he was satisfied that adequate controls were in place. With regard to controls in relation to cheque protocols, both Mr Sykes and Paul O'Donoghue advised that a number of controls were in place relating to the authorisation of invoices prior to cheque production, and that these were adequate.

Councillor John Singleton, Chairman, expressed concern about the non completion of the IT upgrades and the car park penalty notice arrangements. Mr Sykes advised that the actual upgrades had taken place, and that the non completion with regard to IT upgrades was because robust protocols were not in place to ensure that future upgrades would be completed in accordance with contract requirements.

It was RESOLVED subject to (1) below to note the Internal Audit Interim Report.

- (1) the committee to review at the March meeting high priority actions not implemented by the agreed date and, in particular, those relating to IT upgrades and car park penalty notice arrangements arising from audits undertaken in 2011.

10. Sanction & Prosecution Policy

Savile Sykes, Head of Internal Audit, presented a report regarding the Sanction & Prosecution Policy. The Policy attached to the report as an Appendix, had been amended

to reflect changes required by the Welfare Reform Act 2012 with regard to Administrative Penalties. He referred to the administrative penalty described in paragraph 3.3 in the policy attached to the report and advised that the financial penalty statutorily determined percentage had increased from 30 to 50 per cent and that the cooling off period referred to in paragraph 6.2 had been reduced to 14 days.

With regard to Chairman's query, Mr Sykes indicated that he would inform him of those cases where penalties had been issued and no payment had been received.

After discussion it was RESOLVED that the Committee approves the policy documents attached as an Appendix to the report and the amendments described.

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