

BRECKLAND COUNCIL

At a Meeting of the

AUDIT COMMITTEE

**Held on Friday, 20 September 2013 at 10.00 am in
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

PRESENT

Mr C.R. Jordan (Chairman) Mr R.P. Childerhouse
Mr R.G. Kybird (Vice- Mr M J Nairn
Chairman)
Mrs B Canham

Also Present

Mr T. Ludlow

In Attendance

Tina Meyer - Manager, Ernst & Young
Robert Murray - Director, Ernst & Young
Chris Brooks - Governance and Performance
Accountant
Sandra C. King - Internal Audit Consortium Manager
Alison Chubbock - Accountancy Manager
Julie Britton - Senior Committee Officer

41/13 MINUTES (AGENDA ITEM 1)

The Minutes of the meeting held on 28 June 2013 were confirmed as a correct record and signed by the Chairman.

42/13 APOLOGIES (AGENDA ITEM 2)

Apologies for absence were received from Mrs E Jolly and Mr K Stevens.

43/13 QUARTERLY UPDATE - RISKS (AGENDA ITEM 6)

The Governance & Performance Accountant presented the quarterly Risk Report and informed Members that a full report in relation to the Strategic Risk Register would be available at the next meeting.

Two new risks had been identified which could be seen on pages 8 & 9 of the report.

Members' attention was drawn to a number of key risks namely the funding gap which was linked to the transformation programme, failure to deliver economic growth and staff retention and recruitment.

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Page 12 of the agenda covered the closed risks; greater detail had now been provided as to why these risks had been closed.

Pages 13 to 16 of the agenda covered the risks that were rated as “outside the Council’s agreed tolerance level” for risk. These risks would be reviewed regularly via the performance management framework to ensure that they were managed effectively.

Mr Ludlow said that the last sentence of the explanation under Risk ID BC-H-OR 05 did not make sense and asked for this to be made clear. The Governance & Performance Accountant said that he did not know the answer but would find out and report back accordingly.

Referring to Risk ID BC/SH-P-OR 04 in relation to ineffective internal performance management control, Mr Ludlow asked if the non-implementation of internal audit recommendations had been included. In response, Members were informed that they had.

The Chairman felt that a further risk should be added to the register and mentioned the proposed changes to how Members would receive agendas following the next Election. Moving from paper to iPads should be included as a risk now so that the problems that County had encountered during the change process could be avoided.

An example of a contractor that had failed to deliver services was provided and it was asked whether an assessment of the Serco contract had been carried out. Members were informed that such provisions had been written in the contract and would be picked up on the Strategic Risk Register. The Chairman felt that all contracts should be assessed.

The report was otherwise noted.

44/13 AUDIT RESULTS REPORT (AGENDA ITEM 7)

Rob Murray, a Director for Ernst & Young, presented the Audit Results Report for the year ending 31 March 2013.

The Audit Commission’s Code of Audit Practice required external audit to report to ‘those charged with governance’ on the work that had been carried out to discharge its statutory responsibilities together with any governance issues identified.

The reports summarised the findings from the 2012/13 audit that had been substantially completed and related to the following key areas:

- Financial Statements
- Value for Money

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- Whole of Government Accounts; and
- the Audit Certificate.

An unqualified opinion on the Financial Statements was expected to be issued by the deadline of 30 September. The audit had demonstrated that the Council had prepared its financial statements well and this had been reflected in the low number of issues that had been brought to the Audit Committee's attention.

The Audit expected to conclude that the Council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

An unqualified confirmation was expected to be issued to the National Audit Office regarding the Whole of Government Accounts submission, and an audit certificate would be issued demonstrating that the full requirements of the Audit Commission's Code of Audit had been discharged for the relevant audit year and it was expected that the audit certificate would be issued at the same time as the Audit Opinion..

Page 43 of the report set out the scale of fee and the final proposed audit fees which were in line with the agreed fee at this point in time.

Mr Ludlow recalled that the meeting last year had been a week later and asked whether this had had an affect on the completeness of work. Members were informed that the audit work was a little behind schedule due to the lack of resources. This did mean; however, that the Accounts would not be able to be approved but necessary arrangements would be discussed.

The Chairman asked if the Auditors were happy with the new audit system. Mr Murray advised that there were further changes to come incorporating a completely different regime. National standards were being followed and all had coped well with the transition to Ernst & Young.

Subject to a small error on page 42 of the report, the Audit Results Report was noted.

RM

45/13 AUDIT COMMITTEE SELF ASSESSMENT EXERCISE FOR 2013/14 (AGENDA ITEM 8)

The Internal Audit Consortium Manager presented the Audit Committee Self Assessment Exercise for 2013/14. It was very important to regularly re-examine the Committee's Terms of Reference and business activities to ensure that existing provisions continued to fully comply with best practice requirements.

The last time that the Audit Committee worked through the

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Chartered Institute of Public Finance and Accountancy (CIPFA's) Audit Committee Self Assessment checklist was in November 2012. Upon completion of the task, full compliance had been achieved subject to appropriate induction training being provided to new Members which had been delivered in February 2013.

The level of compliance achieved in 2012/13 in relation to the CIPFA checklist had been further substantiated in the Annual report of the Audit Committee which had been reviewed by Members at its meeting on 28 June followed by approval at the Full Council meeting in July 2013. The report drew attention to the range of business that Members considered over the course of the financial year and the resultant body of work clearly demonstrated the wide ranging agenda items which had been debated by the Committee at each of its meetings.

Members were reminded that Public Sector Internal Audit Standards (PSIAS) came into force on 1 April 2013 and these standards reiterate the need for Audit Committees to regularly review their own remit and effectiveness and thus provide further justification for the Committee to continue with the annual completion of the Self assessment Checklist.

The importance of this exercise was to review the 66 items in the checklist and to develop an action plan.

As a newly appointed Member of the Audit Committee, Mrs Canham highlighted the fact that she had not been privy to the aforementioned training and asked if she could have the induction training together with another new Member whose appointment would be confirmed at the next Full Council meeting.

The Committee then went through the Checklist page by page.

Given the recent changes to the Executive, the Vice-Chairman asked if the structure should be looked at as a formal governance procedure. The Chairman advised that this could be looked at if there were any concerns.

No further questions were asked and it was

RESOLVED that full compliance to the Self Assessment Checklist be confirmed; subject to appropriate induction training being provided to the new Members of the Committee.

SK

46/13 STATEMENT OF ACCOUNTS - FORMAL APPROVAL (AGENDA ITEM 9)

The Accountancy Manager presented the Statement of Accounts highlighting the fact that the only changes that had been made were to the disclosure notes.

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<p>The report asked for formal approval but due to the audit work outstanding, Members were asked if they were happy with the approach to sign the Statement of Accounts without a date. If no further changes were made then a date would be included.</p> <p>Mr Murray the Director of Ernst & Young pointed out that if any material/significant changes were made to the primary statements Members of the Audit Committee would be informed immediately.</p> <p>It was agreed that the Statement of Accounts would be signed on the assumption that there would not be any changes made.</p> <p><u>RESOLVED</u> that the Statement of Accounts be approved; subject to no further material/significant changes being made.</p>	<p>MF/RM</p>
<p>47/13 <u>WORK PROGRAMME (AGENDA ITEM 10)</u></p> <p>The Senior Committee Officer apologised for not arranging the scheduled pre-meeting and informed Members that one would be arranged for the next meeting in December.</p> <p>Mr Ludlow asked why his suggestion under Minute No. 29/13 – to review the effectiveness and governance of the existing internal Audit Contract, had not been added to the Work Programme. The Senior Committee Officer said that she would check with the Assistant Director of Finance on his return from annual leave.</p> <p>The Work Programme was otherwise noted.</p>	<p>MF/JB</p>
<p>48/13 <u>NEXT MEETING (AGENDA ITEM 11)</u></p> <p>The arrangements for the next meeting on Friday, 13 December 2013 at 10.00am in the Norfolk Room were noted.</p> <p>A private meeting would also be held between the Audit Committee and the internal and external auditors outside of the meeting agenda.</p>	<p>All to Note</p>

The meeting closed at 10.35 am

CHAIRMAN