



AUDIT COMMITTEE

4.30 pm – 5.35 pm

22 March 2011

Present: Councillors Little (Chair), Bremner, Jeraj, Makoff, Waters and Wright (J)

Also Present: Helen Devlin of the Audit Commission

Apologies:

1. MINUTES

During discussion of the minutes, the chair raised the issue of whether the committee could consider the appointment of an independent chair/member for the new civic year, to offer independent advice to the committee.

Steve Dowson, audit manager, informed members that a report was still to go to cabinet recommending the inclusion of further risks onto the corporate risk register, as identified at the last meeting.

RESOLVED to agree the accuracy of the minutes of the meeting held on 17 January 2011.

2. PROGRESS REPORT

Helen Devlin, audit manager of the audit commission, presented the report and updated members on minor changes since the report was printed, including that the 2009/10 grant claims and returns certification work had been completed.

The post-statement audit had involved the completion of an audit commission IFRS preparedness survey in January 2011. The outcomes of the national survey were available on the audit commission's website. Some council's had slipped on the timescales for completion, but this was probably due to the recent financial uncertainties. Barry Marshall, head of finance, assured members that the corporate finance team were focusing on the IFRS restatement.

In response to a query from the Chair, the audit manager of the audit commission explained that the auditor's report giving the value for money opinion would focus on financial efficiency and financial resilience. It would ensure that the council was delivering and identify any gaps that would need to be reviewed in the future. The

council's financial resilience would be assessed on an individual basis, based on the guidance made available on the audit commission website. The guidance included the variety of risk factors that would be considered. The head of finance said that the council would be retaining some of the use of resources structure, tailoring it to the value for money opinion requirements.

RESOLVED to:-

- (1) note the work completed to date and the work to be completed during the rest of the year for Norwich City Council; and
- (2) ask officers to circulate an update report to members on the post-statement audit as well as a link to the audit commission's national picture report.

3. REVIEW OF BUSINESS CONTINUITY MANAGEMENT

The audit manager presented the report and drew members attention to two slight amendments to annex 1 – Module 4, business continuity plan should have a maximum score of '7.0' and Module 5, crisis management planning should have a maximum score of '5.0.' He informed members that the review had resulted in a fairly positive assessment of the council's business continuity procedure. It also provided the tools to enable the council to move forward.

Michael Stephenson, public protection manager, responded to members' questions. Because Zurich had identified a lack of consistent strategies for dealing with main threats, officers were preparing a high level report to identify the main threats and suggested levels of response. The report would be considered by the corporate leadership team (CLT) and if approved, a strategy would be developed and implemented.

Members were informed of the difference between the crisis management of emergency planning and business continuity. Emergency planning involved the council working with other agencies to understand the role of each, when dealing with civil type issues such as floods. Business continuity involved identifying key service areas that would need to continue as a priority and ensuring resilience was in place. Bridget Buttinger, deputy chief executive, explained that business continuity plans sat behind the risk register as part of the mitigation. The head of finance said that there was a level of government funding available to support councils in emergency situations.

RESOLVED that members are advised of the current assessment of business continuity arrangements.

4. INTERNAL AUDIT AND COUNTER FRAUD 2010/11 - UPDATE

The audit manager presented the report and answered members' questions. He confirmed an amendment to the report, paragraph 10, to read 'It is estimated that a further 122 days'; an amendment to paragraph 12, to read "A summary of work by the fraud team to the end of February"; and explained the process of 'matching' as part of the audit commission's national fraud initiative (NFI). The council did not

have the internal resource to investigate matches alone, so officers had been working with Norfolk County Council to deliver the NFI and was achieving good results.

A member asked whether the national fraud initiative of data matching was a useful officer exercise against the money recovered. He also queried, in relation to council tax missing addresses, whether additional properties could be identified through the planning process. Andy Rush, fraud verification team leader, said that completion notices from planning were available however there were some developments that continue to take place without planning permission, which officers would be investigating. In response to the second query he said that there were other methods of data matching that could be explored.

In response to a query from the chair, the head of finance said that outsourced audits provided value for money. The audit manager said that the volume of outsourcing remained consistent to the previous year and that some reviews were completed within the Zurich contract. If these were not used, they would be carried forward to the new financial year.

The chair congratulated officers.

RESOLVED to receive progress on the internal audit and counter fraud plans.

5. DRAFT INTERNAL AUDIT AND COUNTER FRAUD PLANS 2011-12

The audit manager presented the report and said that the draft plans would be discussed at directorate management team meetings (DMTs) to ensure all factors had been included. Whilst additional work for the team may include consultancy around governance, 15 days had also been included to the plan to cover the 'New Deal' grant claim certification, which although complete, may have some additional follow-up work. In response to a member's comment, he said that a review of the work of the team and the cost of ways of working would be required. The head of finance said that Norwich's high percentage of single occupancy and its regular turnover would continue so some work would always be directed at that issue.

The fraud investigation team leader said that fraud officers were working with housing officers to identify housing fraud.

Members thanked the chair for his three years in the position of the audit committee chair.

RESOLVED to receive the draft internal audit and counter fraud plans for 2010/11.

CHAIR