



MINUTES

AUDIT COMMITTEE

4.10pm – 5.05pm

20 March 2012

Present: Councillors Kendrick (vice chair), Driver, Jeraj and Lubbock (sub), Makoff and Waters

Also Present: Rob Murray, district auditor (Audit Commission); Helen Devlin, audit manager (Audit Commission); Caroline Ryba, section 151 officer (LGSS) and Steve Tinkler, head of audit and risk management (LGSS)

Apologies: Councillors Little, Sands (S) and Wright

1. MINUTES

RESOLVED to agree the accuracy of the minutes of the meeting held on 17 January 2012.

2. UPDATE ON THE EXTERNALISATION OF THE AUDIT COMMISSION'S AUDIT PRACTICE

The district auditor, Audit Commission, provided an update and answered members' questions. He outlined the proposals to award five-year audit contracts to four private firms starting from 2012/13. The audit committee would have an opportunity to meet Ernst and Young, the firm to which the contract for the Eastern region had been awarded, on 14 May 2012.

RESOLVED to

- 1) note the update on the externalisation of the Audit Commission's audit practice; and
- 2) thank the Audit Commission for their work over previous years.

3. AUDIT PROGRESS REPORT 2011/12

(A revised version of the Audit progress report 2011/12 was circulated prior to the meeting)

The district auditor, Audit Commission, presented the report. In response to a question from Councillor Driver regarding the grant certification arrangements, he said that the government intended to publish draft legislation in Spring 2012. A reduction in grant certification was expected in the future, which would ultimately

reduce audit fees. In response to a question from Councillor Jeraj, the deputy chief executive explained that the delay to the completion of the accounts was due to the complexity around the introduction of the International Financial Reporting Standards (IFRS); and also the absence of key officers.

RESOLVED to note the update on the audit progress report 2011/12.

4. ANNUAL GOVERNANCE REPORT 2010/11 – UPDATE POSITION

The district audit stated that the final version of the annual governance report 2010/11 was not yet complete and suggested that the final sign-off could be delegated to the chair.

RESOLVED to delegate to the chair, the final sign-off of the annual governance report 2010/11.

5. ANNUAL CERTIFICATION OF CLAIMS AND RETURNS REPORT 2010/11

The audit manager, Audit Commission, presented the report. The report had been published by the end of February 2012, in line with the Audit Commission's timetable, with two claims outstanding at that point. Once the final two claims had been certified an updated report would be produced..

The housing benefit claim had now been certified with a qualification claim letter and the housing subsidy claim was being finalised. The report illustrated some level of improvement across all claims and identified that officers' continued focus on the housing benefit claims would provide the most opportunity to reduce costs.

In response to a question from Councillor Lubbock, the deputy chief executive explained that a service level agreement between the council and LGSS would set out the performance targets of the service and the controls to be in place.

RESOLVED to note the annual certification of claims and returns report 2010/11.

6. STANDING ITEM – ANNUAL GOVERNANCE REPORT ACTION PLAN - UPDATE

The head of finance presented the report and explained that proposed dates for completion of each recommendation would be inserted. In response to questions from Councillor Makoff, he explained that two council officers were still committed to the NELM work and that a new DCLG auditor had been appointed, which had slowed down the progress being made. The DCLG had set a target to complete the work by the end of July 2012, although that may not be achieved. Councillor Makoff suggested that the committee receive an update report on the NELM work, to include the impact on the council's resources. The deputy chief executive said that senior officers were considering writing to Sir Bob Kerslake, Parliamentary undersecretary at DCLG to raise concerns regarding the constantly changing DCLG team and their associated expectations and requirements, and the resulting impact on council resources.

In response to a question from Councillor Driver regarding the council's safeguards against external access to financial systems, the deputy chief executive explained that the council ran a secure network, with up-to-date software seeking and preventing intrusions as they happened.

RESOLVED to note the update on the annual governance report action plan.

7. INTERNAL AUDIT AND COUNTER FRAUD 2011-12 UPDATE

The audit manager presented the report and answered members' questions. He explained that any remaining audits, considered as fundamental, would be included in the 2012-13 internal audit plan. Some delays to the completion of audits were due to the unplanned resource allocation to the NELM work, which had resulted in the procurement of PWC to assist with three ICT audits and five assurance audits. The internal audit plan 2012-13 would predominantly allocate resource to the internal audit assurance work. Any further resource requirements of the DCLG with regard to the NELM work would be dealt with via the contingency budget as approved by cabinet.

The audit manager provided an update on the national fraud initiative (NFI) exercise and said that further proactive fraud work, especially around sub-letting, was planned. He would be exploring options with Norfolk County Council, to continue to resource the investigation of matches in relation to the recent council tax exercise. In response to a question from Councillor Driver, he said that in his opinion, the benefit of both prevention and detection outweighed the cost of running the exercise.

RESOLVED to note the update on the internal audit and counter fraud plans.

8. INTERNAL AUDIT PLAN 2012-13

The audit manager presented the report. The service level agreement with LGSS would include the allocation of 85% of available officer days towards the delivery of the service plan. A contingency had been built into the plan to cover any audits not yet identified through the service planning process. In response to members' questions, he confirmed that the five days allocated to training would be sufficient and would be kept under review. The head of finance confirmed that the service level agreement between the council and LGSS would set out the relationship between LGSS and the audit committee.

RESOLVED to endorse the internal audit plan for 2012-13.

CHAIR