

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 18 JUNE 2015

Present:

Councillor Galley (in the Chair)

Councillors

Cox	Hunter	O'Hara	Roberts
Cross	Matthews	Owen	

In Attendance:

Neil Jack, Chief Executive

Steve Thompson, Director of Resources

Iain Leviston, Manager, KPMG

Gary Smith, Audit Manager

Chris Kelly, Senior Democratic Governance Adviser (Scrutiny)

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 5 MARCH 2015

The Committee agreed that the minutes of the Finance and Audit Committee meeting held on 5 March 2015 be signed by the Chairman as a true and correct record.

3 RISK SERVICES QUARTER 4 REPORT - 2014/2015

The Committee considered the Risk Services Quarterly Report January to March 2015.

Mr Smith highlighted the key areas of the report for the Committee, noting that the opinion of the Chief Internal Auditor was that the overall control environment of the Council was adequate. However, it was reported that the number of negative assurance statements for internal audit work completed was still significantly higher than before the spending cuts impacted on Local Government.

Mr Smith advised the Committee of the transfer of benefit fraud investigation staff to the Department for Work and Pensions and the revised structure for Risk Services following the transfer. The Committee queried whether the transfer of staff would create risk and how this would be measured in the future. Mr Thompson, Director of Resources, explained that there could be an increased level of risk as a result of the transfer and that a formal liaison between the Council and the Department of Work and Pensions would be established and the findings reported back to the Committee.

Members considered the percentage of up to date business continuity plans by department and raised concerns relating to the Children's Services and Places departments being below the expected level. The Committee was advised that Children's Services had made significant progress over the past year and Mr Jack, Chief Executive,

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stated that there was a commitment from the department to complete a number of the outstanding plans throughout the next reporting period. It was reported that the Places department had previously had a high percentage of business continuity plans up to date but that many of those plans had now lapsed into becoming out of date. However, it was expected that the percentage of plans updated would significantly improve over the next reporting period.

The Committee raised questions relating to emergency planning and queried the circumstances of the events of the 15 January 2015. Mr Jack recalled that the incidents had related to high winds that had resulted in Bank Hey Street and Market Street being closed due to fallen debris. It was noted by the Committee that the out of hours rota for the Emergency Planning Officer had been ceased in order to help deliver budget savings for 2015/2016, therefore there would be increased reliance on the voluntary call-out list. Members were advised that the number of volunteers on the list had increased from previous years, but that it was hoped to extend numbers further to increase resilience.

The Committee considered the internal audit reports that had been issued in the period and noted that with regards to the Local Education Partnership, the controls in place were considered inadequate. Mr Thompson advised members that projects of the partnership achieved value for money and were delivered on time and within budget. However, the controls that were considered inadequate were in relation to governance and monitoring arrangements. Members were assured that those arrangements were currently being reviewed in order to improve controls to a level considered to be adequate. Members also considered the controls that were in place for Framework-i that were deemed to be inadequate, with a number of risks identified and improvement required. Members requested that the Director of People be requested to attend the next meeting of the Committee in order to provide an explanation for the controls in place being inadequate and a progress report detailing the improvements that were due to be made.

Questions were also raised by Members in relation to the number of internal audits that had revealed minor lapses in compliance with the controls. It was explained that in such situations the controls in place were considered adequate but that individual officers had not appropriately followed the procedures in place. Members were advised that in such circumstances, issues were highlighted to management to consider the appropriate response with regards to training.

The Committee agreed to note the Risk Services Quarterly Report for January to March 2015 and its findings.

Background papers: None.

4 AUDIT COMMITTEE SELF-EVALUATION AND TRAINING PROGRAMME

Mr Smith, Audit Manager, presented a report detailing the feedback from the self-evaluation exercise undertaken by the Finance and Audit Committee in February / March 2015 and senior officers who engaged with the Committee on a regular basis.

Members considered that the evaluation exercise had accurately identified how the Finance and Audit Committee had performed and that since the exercise had been undertaken there had already been some developments to address some of the issues

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raised, which included the adoption of the model CIPFA Terms of Reference for an Audit Committee. Members also considered that the Committee could raise its profile and improve accountability by producing an annual report to present to Council.

Members considered that an improvement programme should be developed and implemented in order to address areas of the Committee's work that could be strengthened throughout the year.

The Committee was also presented with the proposed Audit Committee training programme for 2015/16.

The Committee approved the Audit Committee training programme for 2015/16 and agreed to develop and implement an improvement plan.

Background papers: None

5 ANNUAL AUDIT FEE LETTER 2015/2016

Mr Thompson presented the Annual Audit Fee Letter 2015/16 that outlined the proposed audit fee of the external auditor for the current financial year.

Members were advised that the planned fee was £110,153, which was a 25 per cent reduction on the fee for the previous year. The certification of grant claims and returns had reduced by 40 per cent to £10,112, which was a reflection on the reduction in external funding available. Mr Thompson advised Members that he considered the fee to be value for money.

Members raised a number of questions and it was explained that the fees were determined by the Public Sector Audit Appointments Limited, which was an independent company established by the Local Government Association. Members were also advised that the existing contract arrangements between local authorities and external auditors had been imposed by the Audit Commission but that, following the closure of the Audit Commission, the Local Government Association was lobbying for existing contracts to be extended by up to three years.

The Committee agreed to note the external auditor's Annual Audit Fee Letter 2015/2016.

Background papers: None

6 ANNUAL GOVERNANCE STATEMENT

Mr Smith presented the Annual Governance Statement for 2014/2015, advising Members that the Council was responsible for ensuring its business was conducted in accordance with the law and proper standards, and that public money was safeguarded and properly accounted for and used economically, efficiently and effectively.

Mr Smith advised the Committee of the steps that had been taken to review effectiveness of governance arrangements in 2014/2015 and that the results of those reviews had ensured that arrangements continued to be regarded as fit for purpose in accordance with the governance framework.

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Mr Smith highlighted to Members the proposed governance issues to be addressed in 2015/2016.

The Committee agreed to approve the Annual Governance Statement for 2014/2015.

Background papers: None

7 DATE OF NEXT MEETING

The Committee agreed to note the date of the next meeting as 24 September 2015, at 6.00 p.m. in the Town Hall, Blackpool.

Chairman

(The meeting ended at 6.50 pm)

Any queries regarding these minutes, please contact:

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