

## **Audit Committee – Meeting held on Tuesday, 27th March, 2012.**

**Present:-** Mr Kwatra (Chair), Councillors Chohan, Haines (Vice-Chair) and Small

**Apologies for Absence:-** Councillor Carter and Smith

### **PART 1**

#### **44. Declarations of Interest**

None.

#### **45. Minutes of the last meeting held on 7th February, 2012**

**Resolved** - That the minutes of the last meeting held on 7<sup>th</sup> February, 2012 be approved as a correct record.

#### **46. Proposed changes to Terms of Reference**

The Committee received a report on the proposed changes to the Audit Committee's Terms of Reference. The Strategic Director of Resources and Regeneration outlined the changes which related to the membership, scope and role of the Committee. Under the proposals, the Committee would have the power to approve the annual internal audit plan and the annual audited accounts. The proposed changes would alter the role of the Committee in relation to matters of internal control and governance and bring the Committee in line with CIPFA guidance and practice in other Local Authorities.

Members welcomed the revisions. In the brief discussion that followed, the Chair requested that an amendment to quorum of the Committee be made, revising the quorum to three Members, rather than two Members and one co-opted Member. The Committee agreed this request. It was also queried whether the Terms should ensure that the published timetable of meetings corresponded with the Council's accountancy timetable. Members were informed by officers that there were multiple timetables which the Committee would run alongside, and dates of meetings would be set at the beginning of the municipal year.

**Resolved** – That the report be noted and that a copy of the proposed Terms of Reference be forwarded to the Member Panel on the Constitution for consideration, with an amendment stating that the quorum for the Committee be three members.

#### **47. Recommendations arising from 2010/11 certification work**

The Committee received a report on the recommendations arising from 2010/11 certification work, which it had requested at its meeting on 7<sup>th</sup> February 2012. The report outlined to Members the action to be taken as a result of the Audit Commission's recommendations on grant claims. It was

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outlined to Members that each claim's supporting papers would be reviewed and signed off by the Financial Controller before being made available to auditors.

**Resolved** – That the report be noted.

**48. Internal Audit Progress Report**

The Committee received a report on Internal Audit Progress Report Q4 11/12. This report summarised the outcome of work completed to date against the Internal Audit Plan Q4 11/12. The first three audits had been delivered by the previous internal auditors, five reports had been issued to management in draft and a further report had been requested for St. Joseph's RC High School. Members were informed that there were seven internal audits in progress. These would be presented at the next meeting of the Audit Committee as final reports.

In the discussion that followed, the Committee noted that the Plan had been organised on a thematic basis, such as procurement. This meant the plan was able to cover multiple Council departments and be modified if a particular area of concern arose. Members and officers also discussed the role of the Audit Commission as external auditors in relation to the internal audit plan. It was noted that the Audit Commission did not mandate internal auditors to carry out work but that its recommendations would often be taken up by internal audit. The Audit Commission's function was to focus on the accounts of the Authority, whilst internal audit conversely would focus on the authority's internal systems. It was noted that a key role of internal audit was to pre-emptively address issues which the external auditors may raise.

**Resolved** – That the report be noted.

**49. Draft Internal Audit Plan 2012/13**

The Committee received a report on the Strategy for Internal Audit 2012/13 – 2014/15. The strategy set out the approach taken by RSM Tenon to develop the Council's internal audit plan. The report provided Members with a three year strategy and a more detailed plan for 2012/13. It also outlined the role of the Audit Committee in ensuring the focus, delivery and effectiveness of the internal audit plan. Internal auditors had met with senior officers and seven key areas had been discussed.

In the ensuing discussion, it was explained that a report would be made on the delivery of the authority's £25 million cost improvement plan and the internal auditors would identify areas which were not providing savings, as well as looking at the overall design of programmes. Officers explained that the process for categorising savings was robust and these are reported to Members every month. It was also confirmed that the procedures for the protection of data had been strengthened. This related to the use of the Council's systems by external providers and disaster recovery plans.

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Officers also outlined the action being taken on the auditing of schools and the timetable for this to be carried out. Reports on the outcomes of these audits would be received at regular intervals by the Committee. The Committee also discussed the policy regarding maintained schools which were not funded directly by the Local Authority, such as Academies. It was explained that these would be subject to an internal audit as most schools buy in Council services and some funds are 'passported' through the Council. It was suggested that a copy of the Draft Internal Audit Plan be forwarded to the Slough Schools Forum for information, which was agreed by the Committee.

**Resolved** – The report be noted and the Draft Internal Audit Plan be forwarded to the Slough Schools Forum for information.

**50. Audit Committee Update**

The Committee received an update from the Audit Commission. Members were informed that the pre-statement audit is in progress and plans were being finalised for the post statement audit in discussions with officers. Also, the Value for Money conclusion work was in progress.

The Audit Commission also outlined for Members a number of national issues which may be of interest to members of the Audit Committee. Members were updated on the externalisation of the Audit Practice. The contracts for the South East region external audit work commencing in 2012/13 had been awarded on a five-year basis to Ernst and Young. The Audit Commission would also be issuing its annual fraud survey in April 2012 and be consulting on its proposed work programme and scales of fees for the 2012/13 National Fraud Initiative (NFI).

Members were also updated on the changes to the Local Government Capital Financing System and the amendments to the statutory guidance relating to the Housing Revenue Account (HRA), which had been implemented. The Committee also was informed of the guidance from CIPFA on the required accounting entries for councils making or receiving settlement payments in preparation for the self-financing of the Housing Revenue Account (HRA).

**Resolved** – That the report be noted.

**51. Date of the next meeting**

**Resolved** – That the date of the next meeting would be 13<sup>th</sup> June 2012.

Chair

(Note: The Meeting opened at 6.32 pm and closed at 8.01 pm)