

## **Audit and Risk Committee – Meeting held on Tuesday, 25th June, 2013.**

**Present:-** Councillors Nazir (Chair), Abe, Chohan, S K Dhaliwal, Sharif (Vice-Chair) and Mr Kwatra

**Apologies for Absence:-** None.

### **PART 1**

#### **1. Declarations of Interest**

None were received.

#### **2. Minutes of the last meeting held on 25th March 2013**

**Resolved –** That the minutes of the meeting held on 25<sup>th</sup> March 2013 be approved as a correct record.

#### **3. Audit & Risk Management Update - Quarter 4 2012/13**

The Committee considered a report which comprised the Internal Audit Annual Report 2012/13 and the Internal Audit Progress Report for the fourth quarter of 2012/13. The report also updated the Committee on the implementation by management of Internal Audit recommendations and on progress made against the recommendations of the Annual Governance Report for 2011/12.

The Assistant Director Finance & Audit reported that the finalising of Internal Audit reports had been closely monitored since March 2013 and only nine remained in draft, most of which had been very recently issued, and that this was a significant improvement on the previous position. Members were also informed that regular progress monitoring was taking place regarding the implementation of 'high' and 'medium' level recommendations to management and 75% had either been implemented (45%), part implemented (20%) or superseded (10%). The Assistant Director also drew Members attention to pages 10 and 11 of the report which set out the actions undertaken in response to the six recommendations in the Annual Governance report for 2011/12.

#### Internal Audit Annual Report 2012/13

The Head of Internal Audit introduced the Internal Audit Annual Report for the year to 31 March 2013. He stated that an unqualified (positive) opinion was presented overall, however the report described a number of specific weaknesses identified during the audits which had been referred to management. The Committee considered a number of issues relating to the internal audit process including the status of outstanding reports and the baseline used to measure the direction of travel. A Committee Member questioned officers on the statement in 5.1.2 of the report that there were

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“...no major weaknesses within the Council’s internal control mechanisms” despite the fact the Internal Audit Annual Report had identified weaknesses in the Council’s procurement, contract management and risk management. Officers confirmed that no major weaknesses had been found but that the issues identified during the audits had been referred to management to be addressed. The Head of Internal Audit confirmed that he was satisfied that the identified weaknesses were reflected in the draft Annual Governance Statement which set out how the Council would address the issues picked up through the internal audit process.

### Internal Audit Progress Report

The Head of Internal Audit highlighted the key points contained the Internal Audit Progress Report which set out progress made against the Internal Audit Plan. Members were informed that four draft reports had been issued to date and that fieldwork was in progress for several others which would be reported to the next meeting of the Committee. Members discussed a number of issues relating to the report, in particular the implementation of the recommendations on the audit of the Schools Financial Value Standard. The Committee were informed that a significant amount of work was ongoing to meet the Department for Education standards, including with the Schools Forum.

### **Resolved –**

- (a) That the Internal Audit Annual Report 2012/13 be noted.
- (b) That the Internal Audit Progress Report, Quarter 4 2012/13 be noted.
- (c) That progress on the implementation of Internal Audit recommendations be noted.
- (d) That progress made against the recommendations of the previous External Auditors in their Annual Governance Report presented in September 2012 be noted.

## **4. Annual Governance Statement**

The Assistant Director Finance & Audit introduced a report on the Annual Governance Statement 2012/13. Members were asked to approve the draft document and recommend it to Council in September 2013.

Members wanted to see the Statement present a balanced picture which gave assurance that the Council’s governance arrangements were sound, at the same time as highlighting the key issues identified by the internal audit process which needed to be improved. The Officer drew Members attention to pages 74-77 of the report which set out the main issues picked up in audits during 2012/13 for areas including procurement, contract monitoring, safeguarding (risk assessments) and the Asset Register, and stated the

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proposed actions in 2013/14 to address the weaknesses identified. The Head of Internal Audit noted that the Internal Audit programme of work had focussed on the areas of known risk and areas of management concern, and that management had recognised the need for further improvements for example action-tracking and finalising Audit Reports more quickly.

After due consideration, the Committee agreed to approve the Annual Governance Statement and recommend it to Council in September 2013 along with the financial statements.

**Recommended –** That the Annual Governance Statement be approved.

### **5. External Audit Planning Letter 2013-14**

Mr Grant from the Council's external auditor, BDO (formerly PKF), introduced the External Audit Planning Letter for 2013-14 which set out the proposed fees, work and reports scheduled for 2013/14.

Members were informed that the proposed fee for Code audit work in 2013/14 was £168,960, which was both within the Audit Commission scale fee and a reduction on the current proposed fee for 2012/13 of £184,960. There was also a slight reduction in proposed certification fees resulting in a total proposed fee for 2013/14 of £186,160. The external auditor informed the Committee that the key area of work would be the financial statements and that a risk based approach would be taken giving particular consideration to areas such as the LABV, Medium Term Financial Strategy and the Slough Wellbeing Board.

Members considered a range of issues including changes the Government were making in relation to local authority audits; BDOs contract term; and the proposed fee. It was noted that any variation to the proposed fee, for example if additional work was required, would be reported to the Committee. At the conclusion of the discussion, the Committee agreed to approve the External Audit Planning Letter.

**Resolved –** That the External Audit Planning Letter 2013/14 be approved.

### **6. Members Attendance Record**

**Resolved –** That the attendance record for 2012/13 be noted.

### **7. Date of Next Meeting - 19th September 2013**

**Resolved –** That the date of the next meeting be confirmed as 19<sup>th</sup> September 2013.

Chair

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(Note: The Meeting opened at 6.33 pm and closed at 7.36 pm)