

Audit Committee – Meeting held on Wednesday, 27th July, 2011.

Present:- Mr Kwatra (Chair), Councillors Carter, Chohan, Haines, Small and Smith

PART 1

8. Declarations of Interest

No declarations of interest were received.

9. Minutes of the last meeting held on 21 June 2011

The minutes of the meeting held on 21st June 2011 were approved as a correct record and signed by the Chair.

Matters Arising - Working Group to Review the draft Annual Governance Statement (AGS)

A Member raised a concern that the working group met in June rather than July as the minutes indicated. The Member requested that more notice be provided in future as the meeting was called at short notice. Another Member conversely felt that there was sufficient time allowed to review the Annual Governance Statement. Nevertheless the Acting Head of Finance (AHoF) advised that she would raise the matter with the Director of Resources and Regeneration.

10. Head of Audit Opinion 2010/2011

The Committee considered the report provided under the internal audit reporting requirements for local government. The Interim Head of Internal Audit & Risk Management (IHolARM) advised that there had been several necessary changes to the Audit Plan which resulted in a total of 80 audits undertaken. In response to a concern raised the IHolARM confirmed that the audits conducted were sufficient to ensure that an opinion could be delivered. Whilst there were several areas of identified problems these were undergoing improvements. Members raised a number of queries about certain aspects of the Head of Audit Opinion including:-

Asset Authorisation – The AHoF advised that there was a concern that there was not a full audit trail for disposals and affirmed that there was no concern raised regarding any assets being disposed of incorrectly.

Partnerships – These were managed within Directorates but information was not as easily accessible or clear as it needed to be. The Committee was advised that this had been addressed and a new partnership protocol was in place.

General Ledger Journal Entries – Members were advised that a full process was now in place and retrospective action had been taken. At present Slough

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operated a manual system but most other authorities used an electronic system with automatic authorisation request.

Follow-up Procedure – It was noted that all reports with limited assurance would be reported back to the Committee together with progress on recommendations for all other reports. The previous practice of internal audit routinely following up all internal audit reports was not being continued but a selection of high and medium recommendations from full and satisfactory audit opinion reports would be tested to ensure that the action plans were fully implemented. It was agreed that a summary of the significant actions would be received by the Committee.

Business Continuity / Disaster recovery Plan – A Member expressed concern that this was an area of weakness for several projects. Officers advised that there was good material in place but which had not been followed-up sufficiently. A further concern was raised that a disaster recovery plan had not been formally agreed. It was noted that this would be reported on at the next meeting.

Financial Management Standard in Schools (FMSiS) - A new standard had very recently been introduced to replace the old FMSiS. The Committee was advised that an update on this would be brought to the next meeting.

Procurement/Purchase Cards – This was monitored by the Assistant Director for Procurement but needed to be monitored more closely by Assistant Directors for each department.

Resolved –

- (a) That the Committee receive a summary of significant actions agreed.
- (b) That a report regarding disaster recovery and business continuity plans to be brought to the Committee.
- (c) That the Committee receive information on the replacement financial management standard for schools
- (d) That the Head of Audit Opinion be noted.

11. Internal Audit Progress Report 2011/2012 - Quarter 1

The Committee considered the Internal Audit Progress report for the 1st quarter of 2011/12. The Committee was advised that a number of audits had been delayed at the request of auditees. The Chair asked if the deferred audits were reflected in the 2nd quarter Audit Plan and it was confirmed they were not.

Resolved: - That the Internal Audit Progress Report 2011/12 – Quarter 1 be noted.

12. Internal Audit Plan 2011/2012 - Quarter 2

The IHoIARM advised the Committee that the Audit Plan was being provided on a quarterly basis to ensure that current and emerging risks were being covered. Management were being consulted each quarter. The Chair asked whether a full year's audit plan had been developed. The IHoIARM advised that an indicative annual audit plan has been produced and consulted with management on. Quarterly plans were then being produced based on this and then amended to take account of the vast changes occurring to the Council as the year progressed. However the Chair requested that the Committee consider the indicative full year's plan to ensure that adequate coverage was being provided.

Resolved:-

- (a) That the Audit committee receive the indicative full year's audit plan.
- (b) That the Audit Plan 2011/12 – Quarter 2 be noted.

13. Annual Governance Statement 2010/2011

The AHoF advised the Committee of the key governance issues within the statement. The Committee was informed that the working group identified Safeguarding Services and Safeguarding outcomes for children and young people as an extremely important issue and ensured that this was the foremost item. There was some concern raised that Adult Safeguarding was not included within the item. However adult social care had recently received a good rating by the care quality commission and was therefore not a significant risk. A Member raised further concerns regarding the transition between child and adult social care. This was referred to the appropriate department for consideration.

Members were reminded that the AGS was not a closed document and that any comments were welcomed. A Member suggested that the significant governance issues should be amended to reflect the fact that some of the actions were already underway. Members were invited to address any comments on the AGS to the AHoF.

Resolved: - That the Annual Governance Statement be noted and amended as suggested.

14. Audit Committee Training Programme 2011/2012

The Committee considered the training programme. The AHoF advised that there would be an opportunity for Members to ask further questions on the draft financial statements and requested that members advise her of their availability to set up a meeting. It was agreed that training sessions would be held prior to future meetings at 6.30pm with the meeting starting at 7.00pm.

Resolved: - That the Audit Committee Training Programme be noted.

15. Audit Committee Core Work Programme 2011/2012

The Committee considered the Work Programme for the 2011/12 municipal year. Members requested that this be updated to include the additional information discussed by members earlier in this meeting. It was noted that Members wanted to ensure ownership of the work programme and would prefer to have it presented in an agenda plan document similar to those used for Overview and Scrutiny.

Resolved:-

- (a) That the work programme be noted and updated as requested
- (b) That the update plan be brought to each meeting of the Audit Committee and revised to a document similar to that used for Overview and Scrutiny.

16. Annual Anti-Fraud Report 2010/2011

The Committee considered a report which provided a summary of the performance of the Corporate Fraud Investigation, Risk & Insurance Team from the period 1st April 2010 to 2011. Members were advised that the team had been developed to include risk and insurance and was moving from a benefit investigation team to a more corporate role. Some queries were raised regarding risk management at an operational level. The AHoF advised that the Corporate Management Team received the strategic risk register on a quarterly basis and a copy of this would be shared with the Committee. A number of fraud areas were at present addressed at a departmental level but there was now a need to identify at which point investigations should be handed over to the Corporate Investigation Team.

The Committee was given further information on the work of the team including fraud awareness training for frontline staff, the development of a corporate anti-fraud response and the prosecutions and sanctions achieved by the team. A Member asked whether Slough was an insurance black spot. Benchmarking was conducted for insurance issues and this had not been highlighted as a concern. However if any concerns were identified this would be reported back to the Committee. A Member raised concerns regarding Housing Benefit paid on empty private properties. The IHoIARM advised that there may be some issues with private landlords but would need to consider what investigation could take place.

Resolved:-

- (a) That the performance of the Corporate Fraud Investigations, Risk & Insurance Teams for the financial year 2010 to 2011 be noted.
- (b) That the committee receive a copy of the quarterly strategic risk register

17. Verbal Update on Internal Audit Outsource Agreement

The AHoF advised the Committee that the contract for Internal Audit provision with Deloitte would end on 30th September and the council would be going out to tender for Internal Audit provision. A pre-qualification questionnaire had received six responses and all would be invited to submit a tender. A shortlist of suppliers would then be invited to present. The AHoF invited Committee Members to attend the presentations. It was confirmed that whilst Audit would be outsourced it would be required to sit on site. It was noted that the Invitation to Submit Final Tender would be shared with Committee Members.

Resolved:-

- (a) Audit Committee Members to hear presentations for the tender submission for internal audit provision.
- (b) ISFTs to be shared with audit committee members.

18. Members Attendance Record

The Members attendance record was noted.

19. Date of the next meeting - 12 September 2011/ Wednesday 19th October 2011

The date of the next meeting was noted as Wednesday, 19th October, 2011.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.30 am)