

Audit Committee – Meeting held on Tuesday, 7th February, 2012.

Present:- Mr Kwatra (Chair), Councillors Small and Smith.

Apologies for Absence:- Councillors Carter, Chohan and Haines

PART 1

34. Declarations of Interest

No declarations of interest were received.

35. Minutes of the last meeting held on 10th November, 2011

Resolved:- The minutes of the meeting held on 10th November 2011 were approved as a correct record.

36. Internal Audit Plan - Third Quarter 2011/2012 Progress (Deloitte)

The Committee received a report on the Internal Audit Third Quarter 2011/12 Progress. The report summarised the Internal Audit activity covering that period. Members were informed that eleven (34%) Internal Audit reports had been issued as final reports and eighteen (56%) reports were in draft format and awaiting finalisation. The audit fieldwork had been completed for the remaining three audits. Also, 70% of audits had been deferred to Quarter 4.

In the ensuing discussion, the Chair queried the wording of the management responses to the recommendations in the Summary of Finalised Reports. It was noted that in cases this was ambiguous and future reports would be amended. A Member requested further information about the recommendation that Slough Enterprise undertake an exercise to obtain and provide benchmarking statistics against other authorities. It was agreed that this information would be circulated to Members. The Committee was also updated on the Asset Inventory. It was confirmed by officers that the Authority had the financial records to support inventory, though IT assets were not as easy to record and this was an area which would be investigated further

The Committee placed on record its thanks to the outgoing Internal Auditors, Deloitte, for their services to the Authority.

Resolved:- That the Internal Audit Third Quarter 2011/12 Progress report be noted.

37. Presentation - Follow up on recommendations in the Annual Governance Statement 2011/12

The Committee received a presentation from the Strategic Director of Resources on the progress made on the recommendations in the Annual Governance Statement 2011/12 and the response to risks raised by the Audit

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Commission in the 2011/12 Audit Plan. Members were informed that the recovery plan following the recent Ofsted inspection on safeguarding services was being closely monitored and supported by specialist interim staff. Progress on the plan was reported monthly to Members and funding had been provided for service improvement. On economic stability, Members were updated on the production of the budget, which was due to be presented to the next meeting of the full Council, and had set a full medium term budget position for the Authority. In response to recommendations on business continuity, a plan was being written by KPMG and a simulation test was in preparation. The Workforce Planning Strategy was also outlined and a workforce plan would be presented to the Corporate Management Team.

The Audit Commission's recommendation that the authority implement a Partnership Governance Toolkit had been completed and partnership terms of reference were being reviewed in line with this. Progress on developing an operational risk register identifying strategic risk was also good. The framework, strategy and policy document were in place and risk management training for staff was complete. It was noted that Departmental registers were still in place. Furthermore, a single procurement strategy was also in development. This would bring together existing procedures and reduce ambiguity. A central contracts register had been implemented in April 2011 and the exemptions process was captured in draft contract procedure rules.??

The District Auditor, Mr Chris Westwood, commented that he was satisfied with the progress made on the Audit Commission's recommendations.

Resolved:- That the presentation be noted.

38. Audit Committee Update (Audit Commission)

The Committee received a report from the District Auditor, Mr Chris Westwood, on the Audit Commission's progress in delivering its responsibilities as external auditors to the Authority. The report also highlighted emerging national issues and developments of interest to Members. The Committee was informed about the Audit Commission's abolition and the outsourcing of its functions to private firms. Local Authorities would be expected to appoint external auditors under the new arrangements.

In the ensuing discussion, it was noted that the decision to replace the Audit Commission was part of the coalition government's Localism agenda, which would allow local authorities further powers in choosing the services they used. Members were informed that the government's view was that this move would drive down costs for local authorities. The Chair queried the standard of service that would be expected under the new arrangements. It was explained by the Audit Commission that private firms would operate the most rigorous processes when carrying out their services and would be subject to contracts and agreements to ensure standards remained high.

Also discussed were the key considerations proposed by the Audit Commission for the Committee to regard. It was proposed by the Strategic

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Director for Resources and Regeneration that in order to make the Commission's considerations more relevant, the Audit Committee's Terms of Reference would need to be revised. It was requested that these be amended and forwarded to the Member Panel on the Constitution and full Council for approval.

Resolved:- That the Audit Committee update be noted and for the Terms of Reference to be amended and forwarded to the Member Panel on the Constitution and full Council for approval.

39. External Audit Plan (Audit Commission)

The Committee received a report from the Audit Commission on the External Audit Plan 2011/12. The plan described key issues and significant and specific audit risks for the Authority. These included the resilience of the finance function; the importance of transactional services, continuity of service and access to accounting information; procurement; managing organisational change. It was emphasised that the total audit resource would be used to effect and the Audit Commission would work closely with senior officers and the new internal auditors, RSM Tenon to achieve these objectives.

Resolved:- That the External Audit Plan 2011/12 be noted.

40. Certification of Claims and Returns - Annual Report (Audit Commission)

The Committee received a report from the Audit Commission on Certification of Claims and Returns. It was brought to Members attention that the certification of grants and subsidies was a significant area of work for the Commission and the report summarised the outcomes of the District Auditor's certification work on the Authority's 2010/11 claims and returns. The main finding was a significant area for improvement due to a lack of overall control and monitoring of the claims and returns. Whilst it was understood that significant effort was put into providing files, there had been delays in audit certification and some submission deadlines were missed.

The Strategic Director for Resources expressed concern that issues raised last year had not been addressed. It was requested by Members that a report on the changes in certification on grant control processes be put onto the next agenda for consideration.

Resolved:- That the report on Certification of Claims and Returns be noted and an item on the changes in certification on grant control processes be added to the next agenda.

41. Presentation - Internal Audit Outsource Agreement Tender

The Committee received a presentation from the recently appointed Internal Auditors, RSM Tenon. The presentation detailed RSM Tenon's background and experience as auditors to public authorities and briefly outlined the services which would be provided to the authority.

Resolved:- That the presentation be noted.

42. Internal Audit Plan 2011/12 - Quarter 4 (RSM Tenon)

The Committee received a report from the newly appointed Head of Internal Audit on the Internal Audit Plan 2011/12 – Quarter 4. The plan had been developed through consideration of the audit plan for 2010/11 and audits delivered by Deloitte for the current financial year. Discussions had also been held with officers regarding the proposed areas of coverage for the period. It was also confirmed that scoping meetings with members of staff had already been arranged and fieldwork would commence on 10th February.

The key risks which were identified in this process would be discussed with the Senior Management Group and a report would be prepared for the Audit Committee. It was also proposed that there be a link between the Strategic Plan and the Strategic Risk Register in areas where senior officers sought assurances. The Strategic Director of Resources commented that there was a concentration of activity in Quarter 4 as there had been significant slippage in the number of days by the outgoing auditors. Members were assured that this would improve in the new arrangements, but stressed that this would result in a greater number of recommendations as audit opinions would become more challenging.

It was emphasised to the Committee that RSM Tenon were interested in which areas Members required assurance and it was suggested that a meeting could be held prior to the finalisation of the audit plan. The Chair commented that guidance from the Chartered Institute of Public Finance and Accountancy stated that it was good practice for Audit Committees to hold periodic private discussions with internal auditors. The Strategic Director of Resources confirmed that the internal audit plan would be presented at the next meeting of the Audit Committee in March.

Resolved:- That the Internal Audit Plan 2011/12 – Quarter 4 be noted.

43. Date of the next meeting - 5th March, 2012

Resolved:- That the next meeting would be held on Monday 5th March, 2012.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.50 pm)