

Audit and Risk Committee – Meeting held on Tuesday, 22nd October, 2013.

Present:- Councillors Nazir (Chair), Bal, Chohan and Mr Kwatra

Apologies for Absence:- Councillor Abe

PART 1

15. Declarations of Interest

Councillor Bal declared that his daughter worked for the Council.

16. Minutes of the last meeting held on 19th September 2013

Resolved – That the minutes of the meeting held on 19th September 2013 be approved as a correct record.

17. Update on Outstanding 2012-13 Draft Internal Audit Reports

The Assistant Director Finance & Audit provided an oral update from Baker Tilly (who had recently acquired RSM Tenon) on the position with regards to the outstanding internal audit reports from 2012-13, which had remained in draft at the time of the last meeting of the Committee.

Members were informed that three of the four outstanding reports – on Anti-social behaviour, Cash Handling & Management and the Asset Register – had now been finalised. The report on St Joseph's Catholic High School remained in draft, however it had received an Amber-Green opinion. The Assistant Director highlighted that all 2011-12 and 2012-13 reports relating to Council activities had been finalised and that updates on the tracking of recommendations would continue to be presented at future meetings of the Committee.

Resolved – That the update be noted.

18. Financial Statements 2012-13 / External Audit Governance Letter

The Assistant Director Finance and Audit updated the Committee on the progress made in relation to the external audit and Members noted the revised Financial Statements 2012-13 and the external auditors report.

It was noted that the draft financial statements had been approved by the Council on 26th September 2013, subject to the Committee being satisfied that the Council had made the required adjustments to errors identified during the audit; and the external auditor issuing of an unqualified opinion on the 2012-13 financial statements. The Assistant Director confirmed the financial statements had been revised with the necessary adjustments and that an unqualified opinion would be issued.

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Members attention was drawn to the key aspects of the external auditors report, primarily the summary of key findings and the Action Plan set out in Appendix V. The Assistant Director recognised the issues that had arisen during the audit and reported that the Council had already established a full project plan to ensure the lessons were learned for the closedown and audit of the 2013-14 accounts.

The external auditor, Mr Grant of BDO, presented his report and highlighted the key messages for Members to consider. These included the significant changes between the draft and audited statements as set out on page 102 of the agenda; and a new Note, '1a Prior Period Adjustments' which set out the restated opening balances and included the adjusted balance sheets for 2010-11 and 2011-12. Mr Grant confirmed that the key errors identified during the audit had been corrected and that he intended to issue an unqualified opinion. It was noted that there were still some outstanding tasks required to complete the audit and it was expected this would be done by 31st October 2013. BDO would write to the Committee if any further issues were identified. It was expected that the Whole of Government Accounts (WGA) return would be submitted in November.

Members considered a number of matters including the basis on which the Value for Money conclusion was reached; the medium term outlook for activities such as the transactional services contract; and the implications of the errors with the balances from previous years accounts. The Committee also discussed the project plan and steps being taken to ensure the 2013-14 closedown and audit ran more smoothly. The Assistant Director stated that the plan included a number of aspects including the preparation of working papers to meet the external auditors requirements and the approval of the accounting policies at an earlier stage. It was noted that the Action Plan set out in the external auditors report from page 158 of the agenda made a number of recommendations on the process and management had set out how it proposed to respond on matters such as working papers, property valuations, and the fixed assets register. Mr Grant confirmed that the external auditors were satisfied with the management response to the Action Plan as set out in the report. It was agreed that the Committee receive an update on the progress of implementing this action plan at a future meeting.

After due consideration, the Committee were satisfied that the adjustments recommended had been made to the financial statements and that an unqualified opinion would be issued by the external auditor. The Council's decision to approve the financial statements 2012-13 was therefore confirmed and the Chair signed the relevant documents.

Resolved –

- (a) That the Council decision of 26th September 2013 to approve the financial statements 2012-13 be confirmed on the basis that the Committee were satisfied that:

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- i. the Council had made the required adjustments as set out in the external auditor's final Governance letter; and
 - ii. the external auditors would issue an unqualified opinion on the 2012-13 financial statements.
- (b) That the Committee receive a progress report at a future meeting on the implementation of the Action Plan as set out in the external auditors report.

19. Members Attendance Record

Resolved – That the report be noted.

20. Date of Next Meeting - 12th December 2013

Resolved – That the next meeting of the Committee be held on Thursday 12th December, 2013 at 6.30pm.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 6.59 pm)