

## **Audit and Risk Committee – Meeting held on Thursday, 13th March, 2014.**

**Present:-** Councillors Nazir (Chair), Abe, Chohan, Sharif (from 6.46pm) and Mr Kwatra (from 6.52pm)

**Apologies for Absence:-** Councillor S K Dhaliwal

### **PART 1**

#### **27. Declarations of Interest**

None.

#### **28. Minutes of the last meeting held on 12th December 2013**

**Resolved** – That the minutes of the meeting held on 12<sup>th</sup> December 2013 be approved as a correct record, subject to the addition of Councillor Sharif to the list of apologies for absence.

#### **29. Audit & Risk Committee Terms of Reference**

The Assistant Director, Finance and Audit reminded Members that the Council's Annual Accounts and Annual Governance Statement (AGS) were currently considered and approved by Council. The Committee's revised terms of reference were highlighted for Members consideration. It was noted that any revisions to the terms of reference would necessitate a change to the Council's constitution.

A Member queried as to what the process would be with regards to other Council Members having an opportunity to comment on the accounts and AGS, given that these would no longer be debated at a full Council meeting. Committee Members were reminded that any member of the Council would be welcome to attend the Audit and Risk Committee to discuss and scrutinise the Accounts and AGS. It was also highlighted that the majority of Local Authorities' had delegated the approval of the Annual Accounts and AGS to their Audit Committee.

**Recommendation to Council** - That the Terms of Reference of the Committee be amended, as set out in Appendix A, with effect from the Annual meeting of the Council.

#### **30. Internal and External Audit Plans**

The Head of Internal Audit, outlined the key areas that had influenced the internal audit coverage and their impact on the 2014/15 internal audit plan. The key factors were summarised as:

- HUB Transactional Services and partnership with Arvato
- Contract Management Arrangements

## Audit and Risk Committee - 13.03.14

- Procurement
- Schools Financial Value Standard and Troubled Families Programme
- Risk Management Framework

A Member queried the capital expenditure benefits realisation procedure and how this was implemented and outcomes measured. The Committee were informed that sample testing would take place of proposed contracts, including Interserve and Slough Community Leisure; to provide assurances that effective contract management processes were in place and whether suitable guidance and monitoring arrangements were implemented from a corporate perspective.

It was acknowledged that contract management remained a key risk area and that training was being provided to officers involved in the process to ensure the Council obtained the best possible value for money. Members were assured that legal advice was sought prior to contracts being finalised and agreed. It was agreed that the Assistant Director for Commissioning and Procurement be invited to attend the July meeting of the Committee to discuss the arrangements in place for letting of and monitoring procedures for contracts.

Concern was expressed in relation to the number of schools that were no longer within the financial remit of the Local Authority given that they had assumed academy status. It was brought to Members attention that the Internal Audit team had attended the Schools Forum on more than one occasion to make Headteachers aware of key findings from schools audits. Any significant issues identified through regular audits would be included within individual reports and presented to the Audit and Risk Committee. Furthermore, all academies had to adhere to the Academies Financial Handbook, which included provisions around assuring themselves that key risks were being managed.

It was queried whether there were audits planned regarding safeguarding of Vulnerable and Looked After Children following the recent OFSTED report. Committee Members were informed that a review on safeguarding had been scheduled and that the findings would be reported to the July Committee meeting.

In response to whether there had been any delays on any of the works proposed in the Internal Audit Plans, the Head of Internal Audit stated that he was not aware of any and that Members would be kept informed of progress on the plans.

Summary details of the external audit plan for the 2013/14 financial year were outlined. The significant risks related to two key areas – financial statements and use of resources. The timetable for key reports, opinions and conclusions from external audit were outlined for Members information and it was noted that the Annual Governance Statement and Financial Statements would be presented to the September Committee meeting.

**Resolved -**

- a) That the Internal Audit Plan 2012/13 – 2014/15 be approved
- b) That details of slippage in any of the Internal Audit Plans be circulated to Committee Members.
- c) That the Assistant Director for Commissioning and Procurement be invited to attend the July meeting of the Committee to discuss the arrangements in place for letting of and monitoring procedures for contracts.
- d) That the External Audit Plan 2014/15 be approved.

**31. Audit & Risk Management Update - Quarter 3 2013-14**

The Assistant Director Finance and Audit summarised the Management Update for Quarter 3 2013/14 and reported that the overall number of internal audit reports continued to be finalised at a more appropriate rate than in the previous financial year. The Council had continued to show an improvement in overall assurance levels as expressed through the audit opinions issued. There was a much lower level of red and amber-red report issued in the current year compared with the previous year. Since the meeting of the committee in December, a further twelve internal audit reports had been finalised, with positive opinions being issued for all of them. It was brought to Members attention that good working relationships and co-operation had been established with management regarding the internal audit process.

Details of all fraud activity with a value of over £10,000 were highlighted for Members information. It was explained that the time period for recovery action varied depending on the individual circumstances of the case.

A Member queried as to what checks were in place to monitor the work carried out by auditors. The Committee were informed that an independent review of the audit methodology framework used by the auditors was carried out every five years and that Baker Tilley had had such a review in 2012. It was noted that the work of external audit was also regulated by a range of legislation.

**Resolved** – That details of the Audit and Risk Management Update Q3 be noted.

**32. 2013/14 Financial Statements**

The Council's external auditor, Mr Grant of BDO, reminded Members that the Council had completed a review of how it produced its financial statements, given that the accounts had been prepared late, with inadequate working papers; which had resulted in a delay in the external auditor's opinion being issued in two of the past three financial years. A number of actions were put in place to prepare for the closure of the 2013/14 financial statements.

## **Audit and Risk Committee - 13.03.14**

Responding to whether sufficient resources were available to ensure the deadline for closure of the financial statements was met, it was noted that a new finance management team was in place to oversee the production of the financial statements.

A Member expressed concern in relation to the number of services that had been outsourced and whether these were providing value for money. It was agreed that details of a service that had been outsourced would be discussed at the training session for Committee Members scheduled for September 2014, which would include examination of comparators cost information with other Local Authorities.

**Resolved** – That the statement of Accounting Policies for the 2013/14 financial year and the 2013/14 comparator financial statements be approved.

### **33. Members Attendance Record**

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

### **34. Date of Next Meeting - 10th July 2014**

**Resolved** – That the next meeting of the Committee be held on Thursday 10<sup>th</sup> July, 2014 at 6.30pm.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.13 pm)