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MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT THE TOWN HALL, PETERBOROUGH ON 4 FEBRUARY 2013

Present: Councillors Lamb (Chairman), Harper (Vice Chairman), Arculus, Lane, Knowles and Kreling

Also in Attendance: Councillor Seaton, Cabinet Member for Resources.

Officers in Attendance: Steve Crabtree, Chief Internal Auditor
Steven Pilsworth, Head of Corporate Services
Kevin Dawson, Resilience Services Manager
Karen S Dunleavy, Governance Officer

Also in Attendance: Jacqui Dudley, PricewaterhouseCoopers

1. Apologies for Absence

Apologies for absence were received from Councillors Fletcher and Maqbool.

2. Declarations of Interest and Whipping Declarations

There were no declarations of interest or whipping declarations.

3. Minutes of the Meeting held on 5 November 2012

The minutes of the meeting held on 5 November 2012, were approved as an accurate and true record.

4. Risk Management: Strategic Risks

The Committee received an update from the Resilience Services Manager regarding the revised Council's Risk Management Strategy, Business Continuity and progress of the Strategic Risk Register.

In addition the Committee was advised by the Resilience Services Manager that the Corporate Strategic Risk Register (SRR) had been reviewed by CMT at its workshop held on 8 January 2013 and that a revised copy of the SRR, would be presented to CMT for final approval during February 2013.

The key points within the report included:

- Adoption of the Strategic Risk Register following approval by CMT;
- Business Continuity Policy (BCP) formally adopted by CMT;
- Completion of operational risk profile;
- Continuation of review and revision of Service and Corporate BC plans;
- Quarterly review of Strategic (corporate) and Department risk registers by CMT;
- Quarterly Strategic Risk Register reports to Audit Committee following CMT approval;
- Coordination of Strategic and Departmental Risk Registers;
- Regular risk "conversations" within and between services at all levels;
- Updates on Insite, web and E-Learning;

- Strategic issues such as introducing and embedding RM/BCM into procurement processes, induction briefings and business plans;
- Delivery of training aimed at ensuring Members understand the risk management process and expectations upon Officers; and
- A training session was due to be delivered to Members of the All Party Policy Committee on 28 March 2013.

The Resilience Services Manager and the Head of Corporate Services responded to comments and questions raised by Members regarding the Risk Management, Business Continuity and Strategic Risk Register. In summary, responses included:

- The transfer of Public Health was included on the SRR;
- The SRR would be finalised at the end of February 2013;
- Members of the Audit Committee would review the SRR once it had been finalised with CMT in February 2013;
- The last SRR was presented to Audit Committee in February 2012;
- Inter departmental SRRs, would include any Information Communication Technology (ICT) high risk issues, such as a recovery plan for the finance systems;
- Serco, the company that was contracted to deliver the Council's ICT provision, were to develop their own disaster recovery plan;
- There was a delay in the production of the final SRR document, due to the receipt of the financial settlement from the Government, which was three weeks late;
- Any comments made by Audit Committee over the final SRR, would be fed back to CMT; and
- The SRR was a live document, which the Audit Committee would receive updates for, and may submit comments on, at anytime throughout the year.

ACTION AGREED:

The Committee considered and noted the content of the Risk Management (RM) and Business Continuity (BC) report.

The Committee Further Agreed:

That the Resilience Services Manager would present the finalised Strategic Risk Register to Audit Committee at its meeting, due to be held in March 2013.

5. External Audit: Annual Audit Letter and Grant Claims Annual Certification

The Committee received a report from PricewaterhouseCoopers (PwC) on the Annual Audit Letter 2011/12 and Grant Claims Annual Certification.

The following key points within the report included:

- Annual Audit Letter reviewing the Council's arrangements and progress in relation to the Audit of the Accounts;
- Annual report into the review and verification of grant claims across PCC;
- The various appendices had been discussed, and actions agreed by senior management at various times before being finalised. In addition, Cabinet had discussed and approved the content of the report;
- PCC was to maintain appropriate scrutiny and apply service performance for the reintegration of Adult Social Care;
- The PwC recommended the Council to review accounting treatments if there were any future Statute change relating to the Local Authority Mortgage Scheme (LAMS);
- The Council was to continue to work towards the introduction of robust and sustainable management arrangements for Children's Services;

- The Council was to continue to embed Risk Management; and
- Errors and recommendations regarding accounting processes for PCC were highlighted by PwC within the claims and returns certified report.

The Head of Corporate Services and PricewaterhouseCoopers, responded to comments and questions raised by Members regarding the Annual Audit Letter and Grant Claims Annual Certificate Report. In summary, responses included:

- PwC's key findings within the Annual Audit Letter, which referred to LAMs and the transfer of Adult Social Care from the Peterborough Primary Care Trust, were recommendations made by PwC in terms of the Council's adopted accounting treatment and consideration of inclusion on the PCC Strategic Risk Register;
- Financial and non financial risks had been highlighted for Adult Social Care and Children's Services; however, PwC had recommended that the appropriate level of risk management should be introduced to monitor both service areas;
- Serco had introduced training to their employees in order to minimise any possibility of errors occurring in future for the Council Tax Benefit system;
- It would be necessary for PwC to include a qualified response within the Grant Claims report if any error had been highlighted within the PwC inspection of the claim, no matter how small;
- The material amount set for the PwC qualification criteria was set by the Audit Commission and would be qualitative rather than quantitative;
- PwC would review PCC's previous financial year's procedures to ascertain if processes had been followed and whether there was any material change; and
- It would be difficult for PwC to predict any procedural errors for the following financial year.

ACTION AGREED:

The Committee:

Considered, and endorsed the final reports produced by External Audit in the following areas:

- (i) 2011/12 Annual Audit Letter; and
- (ii) Grant Claims: Annual Certification Report

6. Use of Consultants

The Committee received a report from the Head of Corporate Services, which provided a revised Use of Consultants report as a result of the action point raised by Audit Committee at its meeting held on 5 November 2012.

The following key points within the report included:

- Audit Committee's role in monitoring the use and expenditure of consultants;
- Further information requested by Audit Committee at its meeting of 5 November 2012;
- Use of consultants and Interims expenditure between 2009 to present date; and
- The report had provided detail of consultants and interims, which also included the project title and cost.

The Head of Corporate Services responded to comments and questions raised by Members regarding the Use of Consultants report. In summary, responses included:

- A large volume of work would be created for Audit Committee for their monitoring role, if a line by line cost breakdown of each project was provided within the Use of Consultants report;
- The detail regarding individual projects, should be sought through the relevant Scrutiny Committee or Lead Project Officer;
- The Audit Committees role was to monitor an overview of the expenditure for Consultants and Interims in order to highlight any concerns they had over the trend of expenditure;
- Some of the projects included within the Consultancy report were being scrutinised by the relevant Scrutiny Committees; and
- Amtec and Serco, were included within the report and were companies that had provided frameworks for the Council.

Councillor Seaton, Cabinet Member for Resources advised the Committee that projects such as waste 2020 was already being scrutinised by the appropriate Scrutiny Committees and for Audit Committee to request the same information would be a duplication of work.

ACTION AGREED:

The Committee considered the update report on the Use of Consultants.

7. Feedback Report

The Committee received a report from the Chief Internal Auditor regarding the feedback over actions raised at previous meetings of Audit Committee for 2012/13.

Members commented that the audit report which was provided following an action point raised at Audit Committee on 5 November 2012, regarding the City Water Festival, was concise and had accurately clarified the situation.

8. Work Programme 2012/13

The Chief Internal Auditor submitted the latest version of the Work Programme for the Municipal Year 2012/2013 for consideration and approval. The standard report provided details of the proposed Work Programme for the Municipal Year 2012/2013 together with any training needs identified.

ACTION AGREED:

The Committee noted and approved the 2012/2013 Work Programme.

The Committee Further Agreed:

That the Chief Internal Auditor would update the 2012/13 Work Programme to also include:

- The New Public Sector Internal Audit Standards; and
- Review the full details of the revised Strategic Risks Register.

7.00pm – 7.55pm
Chairman