

## AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in Chamber Suite 1, The Arc, Clowne, on Wednesday 26<sup>th</sup> June 2013 at 1400 hours.

### **PRESENT:-**

Members: - Councillors J.A. Clifton, S.W. Fritchley, D. McGregor, K. Reid and A.F. Tomlinson.

Coopteers: - J. Yates.

Officers: - B. Mason (Director of Corporate Resources), G. Bagnall (Assistant Director Resources), K. Hopkinson (Director of Development) (to Minute Number 0137), M. Broughton (Commercial Property and Developments Manager) (to Minute Number 0137), S. Brunt (Streetscene Manager) (to part Minute Number 0136), P. Campbell (Head of Housing) (to part Minute Number 0136), J. Williams (Interim Head of Internal Audit Consortium) (to Minute Number 0141) and A. Bluff (Democratic Services Officer).

J. Yates in the Chair

### **0131. APOLOGIES**

Apologies for absence were submitted on behalf of Councillor E. Watts, S. Tomlinson (Director of Neighbourhoods), S. Sunderland (Audit Team Lead, KPMG) and P. Hutchins (KPMG).

### **0132. URGENT ITEMS**

There were no urgent items of business to consider.

### **0133. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **0134. MINUTES – 21<sup>st</sup> MAY 2013**

#### **Minute Number 23 – Audit Committee – Self Assessment**

The Director of Corporate Resources advised the meeting that a further self assessment exercise with respect to Risk Management and Value for Money arrangements would now be presented to the Audit Committee meeting in September 2013.

Moved by Councillor K. Reid, seconded by Councillor D. McGregor  
**RESOLVED** that the minutes of an Audit Committee meeting held on 21<sup>st</sup> May 2013 be approved as a correct record.

## AUDIT COMMITTEE

### **0135. CHANGE TO ORDER OF BUSINESS ON AGENDA**

The Chair consented to a change in order of business on the agenda to alleviate waiting time for the Streetscene Manager, the Director of Development, the Commercial Property and Developments Manager and the Head of Housing; agenda item 9, Update from Directors concerning Internal Audit Recommendations, would be discussed as the next item on the agenda. The Chair also advised the meeting of an error on the agenda in that agenda item 8, report on Internal Audit Annual Report 2012/13 was the covering report for agenda item 6, Internal Audit Consortium Annual Report.

Further, agenda item 12, Medium Term Financial Plan would be discussed before Agenda Item 11, Draft Statement of Accounts including Annual Governance Statement 2012/13.

### **0136. UPDATE FROM DIRECTORS CONCERNING INTERNAL AUDIT RECOMMENDATIONS**

#### Driving at Work Policy

The Streetscene Manager advised the Committee that the Council's 'Driving at Work' Policy was currently being reviewed in conjunction with North East Derbyshire District Council with the intention of having a common Policy and process across both councils.

At the time of adopting the current Policy the need for regular driving licence checks only included drivers of Council owned vehicles. The revised Policy will include a procedure to check "grey fleet" drivers' licences also, (people who drive their own vehicle for work purposes).

The annual licence checks of Council owned vehicle drivers is time consuming and generally takes up to 6 weeks. As part of the revised Policy it is intended to undertake these checks twice each year. A full driving licence check will be carried out and completed during the month of August and this will enable information to be updated for the vehicle tracking system which should reduce some of the extra work involved in the 6 monthly checks.

The grey fleet poses different issues for drivers' licence checks in that there may be staff changes on a frequent basis. This will create another strand of administration requiring access to other systems which also currently hold information on individual employees and are subject to Data Protection. As part of the consideration of the revised Policy, the Assistant Director of Human Resources (HR) has confirmed that her department will absorb this work to mitigate the amount of resources required. However, the HR Team is currently undergoing reorganisation and the undertaking of drivers' licence checks may not be complete until October 2013 latest.

A lengthy discussion took place.

## AUDIT COMMITTEE

Members raised concern regarding the timescale and felt that the issue should be dealt with more urgently. The Streetscene Manager acknowledged Members concerns and would make enquiries to see if the process could be accelerated.

*The Streetscene Manager left the meeting.*

### Gas Servicing to Council Owned Properties

The Head of Housing acknowledged that some gas servicing had been carried out late and this was due to tenants not being given sufficient prior notice. To address the issues and make the process more transparent, working arrangements had been changed.

The current spread sheet had been enhanced to flag up properties requiring a gas service and also logged when a service had been completed. Members were advised that 100% of Council properties now had a gas service certificate.

The new process was more labour intensive and a gas engineers post had been created as part of the new working arrangements.

Reports would be presented to Executive and Council on a quarterly basis to keep Members updated and a further report from Internal Audit would be presented to Audit Committee in September 2013.

Members raised concern at the significance of the issue.

The Director of Corporate Resources advised Members that if any further significant concerns were raised by Internal Audit these would be reported to Strategic Alliance Management Team and an extraordinary meeting of Audit Committee arranged to take place before the scheduled September meeting.

In response to a question raised, the Head of Housing advised Members that on receipt of the Internal Audit report, immediate changes had been put in place to the working arrangements for gas servicing.

A discussion took place.

*The Head of Housing left the meeting.*

### Pleasley Mills Rent Collection

The Director of Development and the Commercial Property and Developments Manager attended the meeting to update Committee with regard to the above Audit report which had resulted in a marginal assessment.

Following a discussion Members agreed that this item be deferred until the next Audit Committee meeting and a full report be presented.

*The Director of Development and the Commercial Property and Developments Manager left the meeting.*

## AUDIT COMMITTEE

### 0137. INTERNAL AUDIT CONSORTIUM – PUBLIC SECTOR INTERNAL AUDIT STANDARDS

Committee considered a report which gave a summary of the new Public Sector Internal Audit Standards (PSIAS), developed by the Chartered Institute of Public Finance and Accountancy (CIPFA), in collaboration with the Chartered Institute of Internal Auditors (CIIA) and a range of other public bodies.

The PSIAS replaced the Code of Practice for Internal Audit in Local Government and were intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

The PSIAS came in to force on 1<sup>st</sup> April 2013 and are mandatory.

There was also a requirement for an internal audit “Charter” which the Interim Head of Internal Audit Consortium is currently developing.

The compliance of the Internal Audit Consortium with the new requirements would be assessed against the PSIAS checklist and its findings reported back to Audit Committee in September.

Moved by Councillor D. McGregor, seconded by Councillor J. Clifton

**RESOLVED** that (1) the introduction of the new Public Sector Internal Audit Standards be noted,

(2) the adoption of the PSIAS be agreed,

(3) the compliance of the Internal Audit Consortium be assessed against the PSIAS checklist and its findings reported back to Audit Committee in September.

(Interim Head of Internal Audit Consortium/Governance Manager)

### 0138. INTERNAL AUDIT CONSORTIUM – ANNUAL REPORT

Committee considered the Annual Report for the Internal Audit Consortium in respect of 2012 / 2013.

The Annual Report had been prepared comparing actual performance of Internal Audit against the internal audit plan for 2012/13. The report also provided an opinion on the overall adequacy and effectiveness of the Council’s control environment, based on the audits undertaken.

Moved by Councillor D. McGregor, seconded by Councillor J. Clifton

**RESOLVED** that the Internal Audit Consortium Annual Report for 2012/13 be noted.

## AUDIT COMMITTEE

### **0139. INTERNAL AUDIT CONSORTIUM – SUMMARY OF PROGRESS ON THE INTERNAL AUDIT PLAN 2012/13 & 2013/14**

Members considered a report which informed Committee of progress made by the Audit Consortium during the period 4th May 2013 to 7<sup>th</sup> June 2013, in relation to the 2012/13 and 2013/14 Annual Internal Audit Plan. The report included a summary of Internal Audit Reports issued during the period and Work in Progress.

Moved by Councillor J. Clifton, seconded by Councillor D. McGregor  
**RESOLVED** that the report be noted.

### **0140. INTERNAL AUDIT CONSORTIUM – REPORT ON INTERNAL AUDIT ANNUAL REPORT 2012/2013**

Members had been advised earlier in the meeting that agenda item 8, Report on Internal Audit Annual Report 2012/13 was the covering report for agenda item 6, Internal Audit Consortium Annual Report.

The Interim Head of Internal Audit Consortium left the meeting.

### **0141. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

Committee were asked to consider a report which provided Members with the Chief Financial Officer's, (The Director of Corporate Resources), views on his annual assessment of the effectiveness of the Internal Audit Service during the 2012/13 financial year.

The conclusion of the Chief Financial Officer was that he was satisfied that during 2012/13 the Joint Internal Audit Service had provided an effective service upon which he could place reliance.

A short discussion took place.

Members agreed that the Internal Audit team provided an effective service and expressed their support for the work undertaken by Internal Audit.

Moved by Councillor D. McGregor, seconded by Councillor A. F. Tomlinson  
**RESOLVED** that the views of the Chief Financial Officer in his assessment of the Internal Audit Service during the 2012/13 financial year be approved.

## **AUDIT COMMITTEE**

### **0142. MEDIUM TERM FINANCIAL PLAN**

Committee considered a detailed report of the Director of Corporate Resources in relation to the Council's Medium Term Financial Plan (MTFP). It was noted that the report had been previously presented to the Executive on 10<sup>th</sup> June 2013. That MTFP had continued to be developed against the background of the Government's Comprehensive Spending Review of Autumn 2010 which set a clear target of reducing the level of government grant provided to local authorities. This reduction in the level of central government support had been the central factor in the ongoing requirement to secure significant year on year budget saving. The savings requirement in respect of the previous two financial years along with that in respect of the current and next financial year were set out in the report.

A lengthy discussion took place around the Efficiency Grant, welfare reform, stock condition survey, growth strategy, re-paying debt and the Peer Review challenge.

The Director of Corporate Resources advised the meeting that a report on the Capital Programme and Housing would be presented to Executive in July as part of the detailed outturn report.

(Director of Corporate Resources/Governance Manager)

### **0143. DRAFT STATEMENT OF ACCOUNTS INCLUDING ANNUAL GOVERNANCE STATEMENT 2012/13**

Committee considered a report in respect of the Draft Statement of Accounts and the Annual Governance Statement 2012/13. An updated version of the Annual Governance Statement was circulated to the meeting and Committees approval was sought.

Members were reminded that in line with the Accounts and Audit Regulations 2011, the Chief Financial Officer would sign off the draft Statement of Accounts on behalf of the Council. The draft Statement of Accounts would also be submitted for External Audit on the 30th June 2013.

The Assistant Director of Resources took Committee through the Draft Statement of Accounts.

Lengthy discussion took place during which Members raised various questions.

Members thanked the Director of Corporate Resources and the Assistant Director of Resources for a comprehensive and understandable report and commented that they had a good team.

The Director of Corporate Resources stated that he wished to thank the Accountancy Team who had produced the Statement of Accounts in line with the statutory timescale.

## AUDIT COMMITTEE

Moved by Councillor D. McGregor, seconded by Councillor A. F. Tomlinson

**RESOLVED** that (1) the Director of Corporate Resources in his capacity as Chief Financial Officer be authorised to sign off the draft 2012/13 accounts on behalf of the Council,

(2) the Audited Statement of Accounts 2012/13 be presented to Audit Committee at its meeting on 24th September 2013 for approval on behalf of the Council,

(3) the final version of the Annual Governance Statement in respect of 2012/13 which was attached as **Appendix 2** to the report be approved,

(4) the Explanatory Foreword from the Chief Financial Officer which was intended to be incorporated within the Council's Statement of Accounts be noted.

(Director of Corporate Resources/Governance Manager)

The meeting concluded at 1600 hours.