

## AUDIT COMMITTEE

6.00 P.M.

18TH SEPTEMBER 2013

**PRESENT:** Councillors Malcolm Thomas (Chairman), Peter Williamson (Vice-Chairman), Geoff Knight, Richard Newman-Thompson (for minute nos. 13 (part) to 16 only) and David Whitaker

Apologies for Absence:

Councillor Vikki Price

Officers in Attendance:

Nadine Muschamp	Chief Officer (Resources) and Section 151 Officer
Andrew Clarke	Financial Services Manager (for minute nos. 10 to 13 only)
Derek Whiteway	Internal Audit Manager
Jane Glenton	Democratic Support Officer

Also in Attendance:

Steve Clark	Director, KPMG LLP
Richard Lee	Manager, KPMG LLP

### 10 MINUTES

The minutes of the meeting held on 26<sup>th</sup> June 2013 were signed by the Chairman as a correct record.

### 11 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

There were no items of urgent business.

### 12 DECLARATIONS OF INTEREST

There were no declarations of interest.

**Councillor Newman-Thompson arrived towards the beginning of the following report.**

### 13 STATEMENT OF ACCOUNTS 2012/13

Committee received the report of the Chief Officer (Resources) seeking Members' approval for the 2012/13 audited accounts to allow the completion of financial reporting for last year.

The Chief Officer (Resources) advised that, in accordance with the Accounts and Audit Regulations, the draft Accounts for 2012/13 had been produced by 28<sup>th</sup> June, certified by the s151 Officer and made available for public inspection. The Accounts had been externally audited, and Officers and the External Auditors had answered questions from the public following their inspection. The financial outturn had been reported to Cabinet

and Budget & Performance Panel.

The audit opinion would be issued, following approval of the Accounts and forwarding of a copy of the letter of representation signed by the s151 Officer. Conclusion of the audit would follow and the Accounts would be published by 30<sup>th</sup> September 2013.

Committee received the report of KPMG LLP, the Authority's External Auditors.

Steve Clark, Director of KPMG LLP, the Authority's external auditors, thanked the Chief Officer (Resources) and staff for the high quality Accounts and supporting working papers, which had been completed within planned timescales. No material issues had been identified in the course of the audit and the Authority had appropriately addressed specific risk areas.

Richard Lee, Manager of KPMG LLP, advised that the audit had run smoothly, resulting in an unqualified audit opinion, with no material misstatements having been identified. There were no adjusted or unadjusted audit differences to report. A number of presentational adjustments had been required to the notes to the Financial Statements and these had been agreed with officers and changed in the final version.

An important part of the external audit was the issue of an unqualified opinion around value for money (VFM). Three key VFM risks were outlined. It was reported that the Authority had shown that systems and processes were in place to effectively manage risk and secure a stable financial position. The Authority would need to closely monitor progress in addressing specific risks.

The Chairman thanked the Chief Officer (Resources), Steve Clark and Richard Lee of KPMG LLP for their reports.

Members considered the details and raised questions on the information reported, which were suitably answered.

It was proposed by Councillor Knight and seconded by Councillor Whitaker:

"That the recommendations set out in the report be approved."

Upon being put to the vote, Members voted unanimously in favour of the proposition, whereupon the Chairman declared the proposal to be clearly carried.

***Resolved:***

1. That the report for 2012/13 issued by the Council's External Auditors and the letter of representation to be signed by the s151 Officer be noted.
2. That the audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2013 be approved and that the Chairman signs and dates the Accounts accordingly.

**The Financial Services Manager left at this point.**

**14 REVIEW OF GOVERNANCE AND THE ANNUAL GOVERNANCE STATEMENT 2012/13**

Committee received the report of the Chief Executive to seek approval for the draft Annual Governance Statement for the 2012/13 financial year.

The Internal Audit Manager reported that a review had been undertaken of the Council's position and performance against the Code of Corporate Governance approved in September 2012. The results of the evaluation exercise were demonstrated in the Overview Chart and Evaluation Summary, which were attached as Appendix A to the report.

It was reported that, this year, individual 'assurance statements' had been sought from managers at the level immediately below Chief Officer level in relation to internal control and governance arrangements within their areas, in contrast to previous years when assurance statements had been sought from Service Heads.

A self-assessment relating to the effectiveness of the internal audit (including compliance with proper practices) had been undertaken and was attached as Appendix B to the report. Members were advised that, through Audit Committee, they should also consider their own perceptions and experiences relating to the work and output of internal audit.

The number of factors in which there remained a perceived shortfall in performance was 9, which was the same as in the 2011/12 review. There was no factor with a perceived shortfall of more than one point. Where a shortfall existed, comments and conclusions were included in the evaluation on the current position and any plans to improve arrangements during 2012/13 and beyond.

It was reported that the Annual Governance Statement, attached as Appendix C to the report, had been drafted following the evaluation exercise. The timescale for the production of the Statement, which was to be signed by the Chief Executive and the Leader of the Council, was 30<sup>th</sup> September 2013. Because the Statement covered the requirements to produce a statement covering Corporate Governance and Internal Financial Control, it was recommended that the s151 Officer and Monitoring Officer also sign the Statement, as in previous years.

Committee noted that, as part of the assurance gathering exercise, senior managers had provided an assurance statement for their areas of responsibility. Areas raised by them had been considered by Management Team and built into the evaluation exercise.

In conclusion, it was reported that Committee could take reasonable assurance that Internal Audit and the governance arrangements were operating effectively and reflected the developments and progress made by the Council during the last twelve months.

Members considered the report and raised questions on the information reported, which were suitably answered.

It was proposed by Councillor Knight and seconded by Councillor Whitaker:

"That the recommendation set out in the report be approved."

Upon being put to the vote, 5 Members voted in favour of the proposition, with 1 abstention, whereupon the Chairman declared the proposal to be carried.

***Resolved:***

That the draft Annual Governance Statement for 2012/13 (attached as Appendix C to the report) be approved for signing by the Leader of the Council, Chief Executive, s151 Officer and Monitoring Officer.

**15 LOCAL GOVERNMENT OMBUDSMAN - ANNUAL REVIEW 2012/13**

Committee received the report of the Chief Officer (Governance) to enable Members to consider the Local Government Ombudsman's Annual Review Letter for the year ending 31<sup>st</sup> March 2013.

Appended to the report was the Annual Review Letter for 2012/13 showing a total of 9 complaints received regarding the Authority. This was less than the District Council average of 10 complaints. Four complaints had been regarding planning issues. The other complaints related to Health and Housing, Environmental and Revenue Services. Four of the 9 cases received had been investigated. No evidence of maladministration had been found in 3 of the cases and a local settlement had been agreed in 1 case.

It was reported that a formal decision had been taken to work with a single Ombudsman in future. Delegations had been amended so that investigators were able to make decisions on behalf of the Ombudsman on all local authority and social care complaints in England. In order to be transparent and accountable, the final decision on all complaints would be published on the Ombudsman's website. An assessment code had been introduced to determine the circumstances where complaints would be investigated. The Annual Report and Accounts for 2012/13, 'Raising the Standards', had been published and was available on the Ombudsman's website.

***Resolved:***

That the Ombudsman's Annual Review Letter for 2012/13 be noted.

**16 INTERNAL AUDIT MONITORING REPORT**

Committee received the report of the Internal Audit Manager to advise of the latest position regarding the 2013/14 Internal Audit Plan, seek approval for proposed variations to the plan and update Members on the results of recent audits. A detailed monitoring report, as at 27<sup>th</sup> August 2013, was attached as Appendix A to the report.

Set out in the report was a summary of the monitoring position at 27<sup>th</sup> August 2013, taking account of ongoing and planned work commitments, and showing an overall current commitment of 445 days, compared with the current plan of 690 days, and giving an uncommitted resource of 245 days, including the general contingency of 40 days and contingency for investigation work of 30 days.

It was reported that a review indicated that 705 chargeable days should be achievable for the year, which was an increase of 15 on the current plan. Proposals were made to reallocate resources to reflect an increased commitment to the Risk Based element of the programme, with the total number of days planned on assurance work remaining the

same.

The proposal for work during the second half of the year in support of the corporate programme of service reviews was noted, which related specifically to the Internal Audit Manager's involvement in a planned review of council-wide arrangements for processing payroll. It was proposed that 25 days be allocated for this and other reviews, which could be met from the anticipated increase in chargeable days and other minor reductions in Support Work and other Non-Audit Duties.

There were no unmanageable pressures within the audit plan at present. Some realignment of plan allocations would be required in relation to the risk-based element of the assurance programme. The programme of audits for the rest of the year would continue to be developed in consultation with senior management.

The assurance opinion issued for areas audited since the last meeting, and the key action points in relation to those reports where a *limited* or *minimal* assurance opinion had been given, were set out in the report.

Members considered the report and raised questions, which were suitably answered.

It was proposed by Councillor Knight and seconded by Councillor Whitaker:

"That the recommendations set out in the report be approved."

Upon being put to the vote, Members voted unanimously in favour of the proposition, whereupon the Chairman declared the proposal to be clearly carried.

**Resolved:**

- (1) That the current monitoring position be noted.
- (2) That the proposed revisions to the audit plan, as set out in the table in paragraph 1.2 of the report, be approved.
- (3) That the allocation of time to undertake work in support of the corporate programme of service reviews, as set out in paragraph 1.6 of the report, be approved.
- (4) That the results of recent audits, as set out in sections 2 to 3 of the report, be noted.

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Chairman

(The meeting ended at 6.53 p.m.)

**Any queries regarding these Minutes, please contact  
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