

AUDIT SUB-COMMITTEE

20th February 2013

PRESENT:-

Conservative Group

Councillor Harrison (Chairman) and Councillor Ford (Vice-Chairman).

Labour Group

Councillors Bell and Shepherd.

AS/23. **APOLOGY**

An apology for absence from the Meeting was received from Councillor Mrs. Hood (Conservative Group).

AS/24. **MINUTES**

The Open Minutes of the Meeting held on 19th December 2012 were submitted. With regard to Minute No. AS/19 on the missing internal audit working papers it was confirmed that the Sub-Committee's Chairman and Officers would attend the Meeting of the Central Midlands Audit Partnership. Under Minute No. AS/20, it was confirmed that the Engagement Strategy referred to in the report on the Local Code of Corporate Governance had been considered by the Finance and Management Committee. The Minutes were taken as read, approved as a true record and signed by the Chairman.

MATTERS DELEGATED TO SUB-COMMITTEE

AS/25. **GRANT THORNTON – GRANTS CERTIFICATION WORK REPORT 2011/12**

A report was submitted to enable the Sub-Committee to review the work of the Council's External Auditor for 2011/12 in relation to grants. In particular, Members were asked to consider the recommendations and management responses detailed in an Action Plan appended to the Auditor's report.

Members reviewed the documents, commenting on the results of the certification work and particularly the significant findings on the grant claims relating to the Housing and Council Tax Benefit Scheme. Further information was provided about the testing undertaken. Members discussed the cost of the audit work in comparison to the errors identified, in the sum of £3,249. It was confirmed why these additional checks had to be undertaken and that the Council had in place better quality checks going forward. Comment was also made on the amount of error in comparison to the scale of monies involved in

this area and the potential for the Department of Work and Pensions to require further investigation of the reported errors.

RESOLVED:-

That the report is received and the proposed actions for 2012/13 are approved.

AS/26. **PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

A report was submitted to give an overview of the key elements of the new Public Sector Internal Audit Standards (PSIAS), which would come into effect from 1st April 2013. Currently, Internal Audit worked to standards provided by the Chartered Institute of Public Finance and Accountancy (CIPFA). Collaboration between CIPFA and the Chartered Institute of Internal Auditors led to an agreement to develop the PSIAS. The Standards would be accompanied by an application note, due to be published in March 2013. They would provide a new definition of Internal Auditing, which was set out within the report, together with sections on what the Standards would cover. These would comprise Attribute Standards, Performance Standards and a Code of Ethics/Integrity. Further commentary on each of these areas was provided.

In receiving the report, there was discussion about the future role of the External Auditor, which would still need to be assured that the Internal Audit function was effective. There was discussion about the likely cost implications of these changes, the assessment requirements and the need for independence from the current External Auditor. Clarity was awaited on some issues and it was hoped that the application note would provide this. Members requested that the briefing document be submitted to the April Audit Sub-Committee.

RESOLVED:-

That the report be noted.

AS/27. **INTERNAL AUDIT - QUARTERLY PROGRESS REPORT**

An update was provided on progress against the approved Internal Audit Plan for the period 1st December 2012 to 31st January 2013. The document comprised a summary, details of audit coverage, audit performance and recommendation tracking. Members reviewed the document, initially commenting on the level of risk associated with CCTV monitoring at the Depot. It was understood that the Internal Audit recommendations had been accepted and changes been made. It was requested that an update on this be provided to the next Meeting. There was also discussion about the Planning Services audit and a particular issue regarding continuation of building regulation work, where fees were not being paid. A definitive response had

been sought from the Government on this issue. Finally, the Sub-Committee discussed recommendation tracking, particularly revised action dates, how the tracking process worked and updates were provided to the Sub-Committee.

RESOLVED:-

That the report of the Audit Manager is received.

J. HARRISON

CHAIRMAN

The Meeting terminated at 5.05 p.m.