FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk Council held at South Norfolk House, Long Stratton, on Thursday 7 March 2013 at 9.30 a.m.

Committee Members Present: Councillor M Edney - Chairman
Councillors K Billig, L Dale, D Goldson, T Lewis, T Palmer and L Webster
Non - Appointed: Councillor Y Bendle and G Wheatley

Officers in Attendance: The Head of Finance, the Internal Audit Consortium Manager, the Head of Asset Management and the Compliance & Risk Manager.

Also in Attendance: R Murray and T Meyer (from Ernst and Young)

14 MINUTES

The minutes of the meeting held on 27 September 2012 were confirmed as a correct record and signed by the Chairman.

In response to a member’s question, the Head of Finance confirmed that she had circulated information regarding the Car Purchase Scheme to members via email following the last meeting.

15 CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT FOR 11/12

The Head of Finance presented the report which detailed the certification work for the Housing and Council Tax Benefit subsidy claim and the National Non-Domestic rates return for the financial year 2011/12. Members were advised that as a result of the work carried out by the Audit Commission relating to the Housing and Council Tax Benefit scheme, the return had been amended by £9,000. The Head of Finance stressed to the Committee that staff had processed nearly 40,000 claims during 2011/12 and, as the inaccuracy was due to input error, no training needs had been identified.
Members enquired whether the procedures for auditing had changed following the concerns raised when discussing the Annual Report for 2010/11 the previous year. The Committee had challenged that the level of investigation into errors found was not proportionate to the size of the discrepancy identified. There had been concerns that once an error had been identified in a sample group, a much larger sample had to be checked. The Head of Finance advised that although South Norfolk Council had written to MPs the previous year, the regulations had been set by the Department of Work and Pensions and no changes had been made.

It was then

RESOLVED: To note the Certification of Claims and Returns Annual Report for 2011/12.

16 EXTERNAL AUDIT PLAN 2012/13

Mr R Murray presented the Audit Plan for the 2012/13 year, advising the Committee of the key risks identified and the planned audit strategy.

Members were informed that the basic audit fees would decrease substantially, largely due to the Audit Commission outsourcing the work, although the Head of Finance advised that there was now a higher level of reliance on Internal Audit work, which may necessitate more work being performed by the internal team. Extra charges would be raised if errors were identified.

17 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY (APRIL 2012–MID FEBRUARY 2013)

The Internal Audit Consortium Manager presented her report which advised members of the progress made in delivering the Annual Audit Plan for 2012/13. Members were informed that since the report was written the number of audit days had decreased from 232 to 224. The Committee was reassured that 90% of the work had been delivered and that all fieldwork would be completed within the financial year.

In response to a query from members as to whether the reports could be presented in an alternative format to give more detail to areas of concern, the Internal Audit Consortium Manager advised that she was awaiting guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) on 1 April 2013 which may give some clarity to future reporting methods. There was also a query raised regarding the extent to which audit recommendations were subsequently actioned. The Internal Audit Consortium Manager confirmed that steps were currently being undertaken to add audit recommendations to CorVu, so that in the course of 2013/14, management would be able to provide more timely updates regarding the status of their agreed actions on CorVu, and members would be appraised on a quarterly basis regarding the implementation of audit recommendations.
With reference to the Management Summary for SNC/13/04 Waste Management, members were concerned that customers claiming a low income discount for bulky refuse collections were not subject to checks confirming their entitlement. The Internal Audit Consortium Manager reassured members that management had agreed to introduce some test checking and Internal Audit would review progress in relation to this agreed action in due course. Cllr Wheatley then suggested that low level recommendations should be highlighted in summary form at which point, the Internal Audit Consortium Manager mentioned that the template for audit reporting was currently under review to provide more information to members and management alike.

Concerns were next raised regarding the Management Summary for SNC/13/06 Car Parks and the finding that there had been a decrease in income received from Great Yarmouth Borough Council (GYBC) in relation to Penalty Charge Notices (PCNs). The Internal Audit Consortium Manager provided details of the management response to the reduction in income, citing factors such as problems with new technology, implementation of Civil Parking Enforcement, and reduced staffing for a two month period as all having contributed to this situation. The Internal Audit Consortium Manager also confirmed that a recommendation had been raised and agreed with management to ensure that income levels for PCNs were subject to more detailed monitoring in the future. The Compliance & Risk Manager advised members that the Scrutiny Committee had recently undertaken a review of on-street parking and that she would look into the matter and report back to the Finance, Resources, Audit & Governance Committee.

It was then


18 INTERNAL AUDIT’S TERMS OF REFERENCE, PERFORMANCE INDICATORS, CODE OF ETHICS, STRATEGY, STRATEGIC AND ANNUAL AUDIT PLANS AND SUMMARY OF INTERNAL AUDIT COVERAGE FOR 2013/14

The Internal Audit Consortium Manager presented the report which provided an overview of the stages followed prior to the formulation of the Strategic Audit Plan for 2013/14 to 2015/16 and the Annual Audit Plan for 2013/14. Members were advised that a newly packaged set of documents may have to be produced in line with new Public Sector Internal Audit standards, once more detailed guidance has been received from CIPFA in April 2013.

In response to a member’s query regarding proposed alterations to the Council’s approach to the giving of grants, the Internal Audit Consortium Manager advised that provisions had been made in the Annual Audit Plan for 2013/14 to examine the awarding of grants via an audit of Localism and Communities, scheduled for November 2013. The timing of this review should enable any changes to current arrangements to be scrutinised by Internal Audit, after they had been in place for several months.
Members were concerned that the Welfare Reform Programme was not being audited until the following year. The Head of Finance advised that the administration of claims would not be changing so there was no need to bring the audit forward. She further added that reception staff were prepared for the increase in customer enquiries and that South Norfolk Council was building relationships with Job Centre Plus to ensure consistency and good service when dealing with future changes to Housing Benefit and the introduction of Universal Credit. The Internal Audit Consortium Manager added that there would still be some coverage of Housing Benefits at year end in the course of delivering Work to support the Annual Governance Statement.

In response to a member’s query regarding the number of days taken in the previous year to audit elections, the Internal Audit Consortium Manager stated that she would review the information and inform members accordingly.

It was then

RESOLVED:  1. To approve Internal Audit’s Terms of Reference and Performance Indicators for 2013/14
2. To approve Internal Audit’s Code of Ethics for 2013/14
3. To approve the Internal Audit Strategy for 2013/14
4. To approve the Strategic Audit Plan for 2013/14 to 2015/16
5. To approve the Annual Audit Plan for 2013/14
6. To approve the Summary of Audit Coverage for 2013/14

19 ASSET MANAGEMENT PLAN AND PROGRAMME

The Head of Asset Management presented the Asset Management Plan which covered a three year period from 2011 to 2014.

Members discussed asset transfers and concerns were raised that many parish clerks and councillors were not fully aware of the assets within their parish. The Committee agreed that parishes should be made more aware of their options.

In response to a member’s query, the Head of Asset Management advised the Committee that she was not aware that there had been any Community Right to Bid applications as yet.

20 FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

Members noted the Finance, Resources, Audit & Governance Committee’s work programme.

The meeting concluded at 10.48 a.m.

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Chairman