

AUDIT AND GOVERNANCE COMMITTEE

Thursday 28 February 2013

COUNCILLORS PRESENT: Councillors Rundle (Vice-Chair), Simmons (Vice-Chair), Brett, Clarkson, Darke and Fry.

OFFICERS PRESENT: Mathew Metcalfe (Democratic and Electoral Services), Jackie Yates (Executive Director Organisational Development and Corporate Services), Nigel Kennedy (Head of Finance), Anna Winship (Financial Accounting Manager), Steve Sprason (Head of Corporate Assets), Helen Bishop (Head of Customer Services), Paul Wilding (Customer Services), Christopher Dickens (Pricewaterhousecoopers (PWC)) and Maria Grindley (Ernst & Young) and Susan Whipp (Ernst and Young).

39. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mike Rowley.

40. DECLARATIONS OF INTEREST

No declarations of interests were made.

41. PERFORMANCE OF BENEFITS SERVICE

The Head of Customer Services submitted a report (previously circulated, now appended) which provided an update on the performance of the Benefits Service.

Helen Bishop, Head of Customer Services introduced the report.

Councillor Fry asked how the risk based verification was conducted on new claimants. In response Paul Wilding said that the data was collected and compared against a central database and the likelihood of something going wrong (the risk). The Council would then receive a score back (high/medium/low) on each claim. Every time a claim was made, this information would be added to the database.

Councillor Simmons expressed surprise that the targets could continue to be met. In response Paul Wilding said that the quality of the service was very important. Officers checked against the Council's claim data to maximise the grant that it could claim from the Government. The Council ensured that the Benefits Assessors were good so that the claimants received the best advice possible. He added that from September 2012 a new quality process had been introduced where 4% of claims were checked with the number of claims checked to rise to 10%.

Councillor Simmons commented on the Resilience contract which has not been mentioned. In response Paul Wilding said that the Council had a contract with Mouchel Plc. He said that the Department for Work and Pensions (DWP) had in

the past made additional funding for the increase in claims and it was this funding that paid for the contract. He further added that the contract would be reviewed in the summer.

Councillor Rundle asked if benchmarking took place. In response Paul Wilding confirmed that this did happen each year through CIPFA.

Councillor Brett regarding performance improvement asked what training was given to staff. In response Paul Wilding said that training was very important and part of the "business as usual" approach. He added that Officers had meetings with registered social landlords (RSL's) in the City every three months on welfare reform issues. Officers had also liaised with RSL's on the under occupancy regulations.

The Committee agreed:

- (a) To note the report;
- (b) To thank Helen Bishop and Paul Wilding for attending the meeting and answering questions;
- (c) To request that the Head of Customer Services submit an update report in 12 months to the Audit and Governance Committee.

42. INTERNAL AUDIT SUMMARY REPORT - 2012/13 PLAN - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's internal auditors, Pricewaterhousecoopers (PWC), which provided an update of the work undertaken as part of the 2012/13 audit plan.

Christopher Dickens from Pricewaterhousecoopers introduced the report. He informed the Committee of changes to the Internal Audit Standards which were to be replaced by the new Public Sector Internal Audit Standards. He said that an update would be submitted to the Committee in June 2013. He further added that reports detailing the draft Audit Plan for 2013/14 and the Internal Audit Annual report would be submitted to the Committee in April 2013.

The Committee agreed:

- (a) To note the report;
- (b) To note that the following reports/updates would be submitted to the Audit and Governance Committee:
 - (i) Draft Audit Plan for 2013/14 – April 2013
 - (ii) Internal Audit Annual Report – April 2013
 - (iii) Public Sector Internal Audit Standards – June 2013

43. NEW BARTON DEVELOPMENT - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report previously circulated, now appended) on behalf of the Council's internal auditors, Pricewaterhousecoopers (PWC), following a review of the Value for Money aspects of both the contract and procurement process.

Christopher Dickens from PWC introduced the report.

Councillor Simmons had concerns on how the land had been valued. Was the existing use value (EUV) the best way to value the land instead of using market value.

In response Steve Sprason, Head of Corporate Assets said that EUV was the correct choice. The Council was not looking purely at land disposal as there would be a significant cost in providing the infrastructure required. He said that the Council would receive a significant return through the infrastructure and any profits through the LLP. He further added that by choosing EUV gave a greater certainty that the homes would be built.

In response to further comments from Members, Steve Sprason said that the EUV also gave S123 Certification and that the Council would receive profits from the LLP.

Councillor Brett said that the primary driver was to provide housing and not to receive a capital receipt. He felt that this was an innovative approach.

Nigel Kennedy, Head of Finance said that the Council would receive quarterly management information and the project would be reflected in the Council's accounts.

Councillor Rundle felt that the percentage of social and private housing on the site was very important and as such the Audit and Governance Committee should monitor this and the LLP. Councillor Simmons added that the Committee also needed to monitor the value that came back to the Council.

Steve Sprason said that a full investment plan had been submitted by the LLP which included a revised projection of profits.

The Committee agreed:

- (a) To thank Steve Sprason, Head of Corporate Assets for attending the meeting and answering questions;
- (b) To continue to monitor the development to ensure that best value is obtained;
- (c) To ensure that the good practices identified in the report were used in future developments.

44. KEY FINANCIAL SYSTEMS - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's internal auditors, Pricewaterhousecoopers (PWC),

which detailed the findings of a review into the design and operating effectiveness of key controls relating to four financial systems during 2012/13.

Christopher Dickens from Pricewaterhousecoopers introduced the report. He drew attention to the fact that nothing had been noted as a high risk. However the authorisation processes overall required some attention, but the report was positive.

Councillor Simmons felt that the Committee should continue to monitor the creditors and debtors and he welcomed that these were going in the right direction.

Councillor Rundle raised concerns on authorisations. In response Nigel Kennedy said that regarding creditors, the role out of purchase to pay, would tighten up the authorisation issues. He added that the first purchase to pay pilots would commence at the start of the new financial year in April.

The Committee agreed:

- (a) To note the report;
- (b) To request the Head of Finance to submit a report to the Audit and Governance Committee at the end of the first quarter following the introduction of the purchase to pay pilots to allow the Committee to review its progress.

45. AUDIT PROGRESS REPORT - ERNST AND YOUNG

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's external auditors, Ernst and Young, which detailed the progress made in delivering the work set out in the 2012/13 audit plan.

Maria Grindley from Ernst and Young introduced the report.

The Committee agreed to note the report.

46. AUDIT PLAN 2012-13 - ERNST AND YOUNG

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's external auditors, Ernst and Young which detailed the Audit Plan for 2012/13.

Maria Grindley from Ernst and Young introduced the report.

Councillor Rundle raised the issue of fees. In response Jackie Yates, Executive Director Organisational Development and Corporate Services said that the fees were based on the Council providing the information required for the audits. With regard to the accounts, she said that objections had always been an issue with overspend and that the Council had already received an objection to the accounts for this year.

Councillor Simmons would welcome closer scrutiny of the Housing Revenue Account (HRA) which was self-financing as this had gone well so far.

The Committee agreed to note the report.

47. RISK MANAGEMENT QUARTERLY REPORTING - QUARTER 3, 2012/13

The Head of Finance submitted a report (previously circulated, now appended) which updated the Committee on both corporate and service risks as at the end of quarter 3, 31st December 2012.

Nigel Kennedy, Head of Finance introduced the report.

Councillor Fry said that some of the risks highlighted in red were not in the control of the Council. In response Jackie Yates said that despite the fact that these were external factors the Council still had to mitigate against them.

Councillor Brett asked questions on the impact on homelessness due to the changes in housing benefit. In response Jackie Yates confirmed that City Council tenants would be impacted by the under occupancy rules by £500,000.

The Committee agreed:

- (a) To note the report;
- (b) To request that the next quarterly report provides further details on the risks highlighted in red for quarter 3.

48. PROGRESS ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Head of Finance submitted a report (previously circulated, now appended) which updated the Committee on the progress made on the implementation of internal and external audit recommendations.

Anna Winship from Finance introduced the report.

The Committee agreed to note the report.

49. ANNUAL CERTIFICATION REPORT - 2011-12 - ERNST AND YOUNG

The Head of Finance submitted a report (previously circulated, now appended) on behalf of Ernst and Young, the Council's external auditors, which detailed the Annual Certification 2011/12.

Maria Grindley from Ernst and Young introduced the report.

The Committee agreed to note the report.

50. ANNUAL AUDIT FEE 2012/13 - ERNST AND YOUNG

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's external auditors, which provided details of the Annual Audit Fee for 2012/13.

Maria Grindley from Ernst and Young introduced the report.

The Committee agreed to note the report.

51. MINUTES

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 29th November 2012.

52. DATES OF FUTURE MEETINGS

The Committee agreed to note that its next meeting would be on Thursday 18th April 2013 at 6.00 pm at the Town Hall.

53. MATTERS EXEMPT FROM PUBLICATION

There were no matters exempt from publication.

The meeting started at 6.00 pm and ended at 7.20 pm