



# AUDIT COMMITTEE

BURNLEY TOWN HALL

Wednesday 13<sup>th</sup> March 2013

## PRESENT

## MEMBERS

Councillor Tony Harrison, in the Chair.

Councillors Ida Carmichael, Marcus Johnstone, and Paul Reynolds

## OFFICERS

Phil Moore	-	Head of Finance & Property Management
Ian Evenett	-	Principal Auditor
Nadeem Ukadia	-	Senior Auditor
Elaine Newsome	-	Democracy Officer

## CO-OPTED MEMBERS

Louise Gaskell

## ALSO IN ATTENDANCE

Georgia Jones - Grant Thornton

### 27. Apologies

Apologies for absence were received from Councillors Lishman, Kelly and Townsend, Steve Rumbelow Chief Executive, Helen Seechurn Director of Resources, Colin Crowther Co-opted Member and Karen Murray Grant Thornton.

### 28. Minutes

**RESOLVED** That the Minutes of the meeting held on the 16<sup>th</sup> January 2013 be agreed as a correct record and signed by the Chair.

### 29. Annual Accounts 2012/13 Arrangements

The Committee considered the arrangements that had been established for the closure of the 2013/13 annual accounts. Phil Moore reported minor changes to working practices arising from the requirement to

produce the accounts in line with the Code of Practice on Local Authority Accounting.

Members were advised that preparatory work was underway that involved planning activities and initial staff training. Risks mitigation steps had been taken to reduce any identified risk.

- RESOLVED**
1. That the arrangements made in advance of the closure of accounts for the 2012/13 be noted.
  2. That training on the accounts be arranged for the Audit Committee before its September 2013 meeting.

**30. Internal Audit Progress Report**

Members considered the work undertaken by the Internal Audit Section for the period 1<sup>st</sup> October to 31<sup>st</sup> December 2012

The Committee further considered a summary of the audit reports that had been issued during the third quarter along with a breakdown of service related audit activity. In relation to a Cash Balances Audit, Members were advised that the scoring was a pre-audit scoring that demonstrated key controls were in place however actions to heighten controls had been implemented following audit activity.

- RESOLVED**
1. That the progress report be noted;
  2. That the process for the development of the Annual Governance Statement for 2012-13 be noted;
  3. That the work being done to develop the 2013/14 Internal Audit Plan be noted.

**31. Risk Management Review**

Ian Evenett provided an update on progress relating to risk management. The Committee were provided with Service risk register information detailing the top 3 residual risks for each service unit. Members were advised that the Council considered 2 separate types of risk; inherent risk which were those risks where no controls were in place, usually arising from a new situation; and residual risk which assessed levels of risk after controls had been identified and put in place.

Members were also advised that risk processes were well managed across the organisation, with mitigating controls limiting residual risks to 25 in total.

In relation to a question on the security of the Mayors Officer and Mayoral Chains, officers undertook to speak to the relevant Head of Service to ensure that associated Asset risk and Health and Safety risk had been adequately covered in the risk register.

- RESOLVED** That the report be noted.

**32. External Audit Plan 2012/13**

The Committee considered Grant Thornton's Audit Plan for 2012/13. Georgia Jones advised that the audit activity would focus on risks to the Council. Several risks, generic to local government, were incorporated into the plan.

The report highlighted the approach taken by Grant Thornton in relation to audit activity and provided a schedule of resources, costs and communications associated with the audit plan.

For clarification, Members were advised that for an issue highlighted during audit activity to be classed as "material" it would be a significant issue with a value that equated to 2% of the Councils gross expenditure.

**RESOLVED** That the report be noted.

**33. Grant Certification Work**

Further to Minute No. 22 of the meeting held on the 16<sup>th</sup> January 2013, Members re-considered the Grant Certification report produced by Grant Thornton. The Committee received the action plan arising from the external audit activity and were informed that this had been mutually agreed between the Council and Grant Thornton.

Members also debated a number of changes and potential associated risks arising from welfare reform and were advised that the external auditors would continue to monitor issues arising from the reforms.

**RESOLVED** That the report be noted

**34. Public Sector Internal Audit Standards**

The Committee considered a report on the requirements that would be placed on the Council following the implementation of the Public Sector Internal Audit Standards in April 2013.

Ian Evenett advised that the Council was awaiting further detailed guidance on the new standards and that once received, officers would be able to better understand the requirements and impact on the organisation. Phil Moore highlighted that the new regime would bring the Council in line with international standards.

**RESOLVED**

1. That the report be noted
2. That the requirement for the Council to adopt the new standards with effect from April 2013 be noted

**35. Work Programme 2013/14**

Members were invited to put forward suggestions to be considered by the 2013/14 Audit Committee as part of a work programming activity.

It was suggested that the Council should re-introduce training for all Audit Committee members on the Annual Statement of Accounts, prior to their consideration between the June and September Meetings.