

AUDIT COMMITTEE

**Meeting held in the Committee Room, Council Offices, Urban Road,
Kirkby-in-Ashfield,**

on Tuesday, 8th December, 2015 at 6.30 p.m.

Present: Councillor K.T. Rostance, in the Chair;
Councillors A. Brown, T. Brown, J. Donnelly and T.J. Hollis.

Apology for Absence: Councillor C.J. Baron.

Officers Present: C. Bonar, L. Cain, B. Evans, R. Gaughran,
D. Greenwood, A. Slate and C. Turner-Jones.

In Attendance: H. Brookes and J. Cornett (KPMG).
Councillor P. Roberts.

AC.22 Declarations of Disclosable Pecuniary and Non Disclosable Pecuniary/Other Interests

There were no declarations of interest made.

AC.23 Minutes

RESOLVED

that the minutes of the meeting of the Audit Committee held on 28th September, 2015, be received and approved as a correct record.

Minute No AC.19 – Internal Audit Progress Report

Following a discussion at the last meeting in relation to the implementation of a new website following the website audit, the Council's Services Director, Corporate Services, ICT Manager, Website Development Officer and Communication Manager were in attendance to present an update on implementation and progress.

The Service Director, Corporate Services firstly apologised to the Committee that officers were not in attendance at the last meeting to provide an update and secondly that many of the original recommendations arising from the website audit had now been superseded by further opportunities and website developments.

The Website Development Officer introduced himself to the Committee and advised Members that he had joined the Authority in August of 2015. His first task had been to adjust/update the current website to bring the information up to date and ensure the site was functional whilst monitoring website traffic and usage. The next project would be the implementation of a new website for the Authority.

The Communication Manager advised that a Digital & Website Project Group had been established with the aim of driving the corporate management process to secure implementation of the new website. The Chief Executive and Elected Members would also have input into the website development process. It was hoped that the new website would be implemented and launched by May 2016.

Following comments from the Committee Members, it was acknowledged that the current website was not acceptable in the longer term and much work had already been undertaken in the background to fix some of the areas of concern. The Council's web and social media presence needed to be better and the new website would be able to address these issues with the site being updated regularly with the 'look' of the site changing more regularly and having a seasonal feel etc. The ongoing management of the system was also important and this task was currently being considered alongside the responsibilities and remit of the Council's current web authors. It was envisaged that in the future the final publication of any changes to the website would become the responsibility of the Website Development Officer.

The Website Development Officer then explained to the Committee that 60% of the website's traffic was from mobile phones and tablets. Therefore it was paramount that the website could be flexible enough to accommodate all mobile access to the site and the facilities on offer. Following the success of the Council's first App in relation to the waste collection service/reporting of environmental issues it was envisaged that more interactive Apps could be developed in the future to assist with the delivery of the Council's front line services.

In relation to connecting and engaging with youngsters in Ashfield, it was accepted that 'Youtube' was the second most popular search engine and it would be a prudent move for the Council to have more presence on this particular media outlet in the future. Recent conversations with West Nottinghamshire College had secured an arrangement with media students from the Create Department to produce some videos on behalf of the Council for uploading onto the 'Youtube' site.

The ICT Manager informed the Committee that the new website would be far more digitally interactive and it was envisaged that there would be facilities for making payments online, completing application forms and 'getting in touch' online etc. The relationships between the web authors and the ICT Team would be enhanced with checks built into the system for 'timed out' pages and regular reviews undertaken to ensure information remained accurate and up to date.

To conclude, the Service Director, Corporate Services informed Committee Members that the Corporate Leadership Team would be receiving regular performance management data in relation to the new website which would include an exception reporting facility that would enable any issues to be considered and addressed without delay. It was agreed that the officers would attend the Committee meeting again in March 2016 to report on project progress.

AC.24 KPMG - Annual Audit Letter 2014/15

John Cornett presented the Annual Audit Letter for 2014/15. The Letter provided a summary of the key findings from the 2014/15 audit of the Council's financial

statements and the Value for Money (VFM) conclusion and confirmed the issuing of an unqualified opinion and conclusion in respect of both issues. The Letter also detailed the fee for 2014/15 which was in line with expectations.

In relation to the VFM audit work and conclusions, the National Audit Office (previously the Audit Commission) had recently reset the evaluation criteria and KPMG were currently evaluating what implications this would have for local authorities and the assessment work required in the future. The Department of Communities and Local Government had also announced that local authorities were now permitted to extend their contracts with external auditors for up to three more years. Following this, it was expected that an opt-in sector-wide body would be established to undertake collective procurement for external audit provision by the Local Government Association (LGA).

RESOLVED

that the Annual Audit Letter, as presented to the Committee by KPMG, be received and noted.

The Chairman took the opportunity to thank John Cornett for his work with the Audit Committee over the past seven years. KPMG required that their officers could only serve up to a maximum of seven years with any local authority before being relocated. Sophie Jenkins, his replacement, would hopefully be in attendance at the next meeting.

AC.25 Non-Compliance with Financial Regulations

The Interim Internal Audit Manager presented a new standing agenda item which detailed the extent of, and reasons for, non-compliance with Financial Regulations by service areas across the Authority. He also outlined the impact of the non-compliance on the Council's internal control framework and the steps that have been taken to address the non-compliance.

The report outlined the number of invoices that had been raised by all service areas over the preceding four months and the percentage of invoices that were non-compliant with current Financial Regulations. Having acknowledged problems across the Authority with the raising of purchase orders, training had been arranged to endeavour to alleviate some of the issues. It was hoped that the figures would decline of the next financial year as service areas brought their procedures in line with the requirements of the Council's Financial Regulations.

An updated analysis of non-compliant procurements activity was circulated to all present at the Committee.

Due to the report being for information purposes only, there were no alternative options for Members to consider.

RESOLVED

that the report, be received and noted.

Reasons:

The Audit Committee has a duty to consider the Council's compliance with its own published standards and controls as part of the maintenance of an effective control and governance framework. It is also responsible for oversight of the Council's Anti-Fraud Strategy.

AC.26 Internal Audit Progress Report (1st April, 2015 to 20th November, 2015)

The Interim Internal Audit Manager submitted the report detailing work undertaken by Internal Audit for the period 1st April to 20th November, 2015. The report included a summary of reports where the system status controls had been assessed as providing limited or nil assurance, a summary analysis of all outstanding audit recommendations and details of high priority recommendations not implemented within the agreed timescale.

Members were advised that eight audit reports had been completed or substantially completed during September 2015 to December 2015. Four of the reports had concluded that 'Limited Assurance' could be taken from the framework and controls in place but advised the Committee that this was not surprising given the type of audit reviews being undertaken. These reviews were in relation to, IT Governance, Data Sharing, Access Controls and Upgrade and Patch Management. However, managers were continuing to work to address the recommendations/risks as necessary.

On a positive note, Committee were informed that the number of outstanding recommendations from previous audit reviews had decreased to eleven and were now being consistently monitored through the Council's 'Covalent' system. Managers were also aware of the importance of addressing the recommendations as soon as was practically possible.

Due to the report being for information purposes only, there were no alternative options for Members to consider.

RESOLVED

that the work undertaken by Internal Audit during the period 1st April to 20th November, 2015, be received and noted.

Reason:

To ensure that Members remain informed and up to date in relation to the work of the Internal Audit Section.

AC.27 Internal Audit Partnership – Progress Report

The Interim Internal Audit Manager introduced Adrian Manifold to the Committee and advised that he would be the officer responsible for managing the Council's internal audit work on behalf of the Central Midlands Audit Partnership (CMAP). Following Cabinet approval to join the partnership on 5th November, 2015, the final arrangements were now in place for an official start on 1st January, 2016. The TUPE arrangements had also been finalised in relation to the one employee affected by the reorganisation.

The Committee were asked to note that the Council had an existing agreement to deliver an internal audit service to Ashfield Homes Limited (AHL) but had advised AHL's Management Team in good time that the Council would be joining an internal audit partnership. Pending any decision from AHL regarding their future internal audit commitments, the Council would continue to provide the service via purchased audit days through CMAP for the remainder of its obligation to AHL.

Adrian Manifold then took the opportunity to speak to the Committee and gave a brief synopsis of the background to the partnership and its aspirations for the future. The partnership had a great understanding of all its partner organisations and offered great expertise and specialist support across all areas. The addition of Ashfield District Council to the organisation was welcomed and he looked forward to working with officers and Members in the future.

RESOLVED

that the report be received and noted.

Reason:

The Audit Committee has a duty to satisfy itself as to the adequacy of the Council's internal audit provision.

AC.28 Proposed Changes to the Audit Committee's Terms of Reference

The Interim Chief Internal Auditor presented the report and requested the Committee to consider the proposed changes to the Committee's Terms of Reference.

RESOLVED

that Council be recommended to approve the revised Terms of Reference for the Audit Committee, as appended to the report.

Reason:

The Committee's current Terms of Reference do not reflect recent legislative changes or the Committee's responsibilities in respect of the Public Sector Internal Audit Standards.

AC.29 Anti-Fraud Strategy – Proposed Revision

The Interim Chief Internal Auditor presented the report and sought Committee's approval for the revisions to the attached Anti-Fraud Strategy.

RESOLVED

that Council be recommended to approve and adopt the revised Anti-Fraud Strategy, as appended to the report.

Reason:

The Audit Committee has a duty to monitor the Council's Anti-Fraud Strategy and to be satisfied that it provides appropriate mitigation for the Council's exposure to the risk of fraud.

Prior to closing the meeting, the Chairman advised the Committee that this had been the last meeting for Richard Gaughran, the Interim Internal Audit Manager, as he was leaving the Authority the following day. On behalf of the Committee, the Chairman thanked Richard for his hard work, honesty and commitment towards the Council and managing its internal audit function. He wished him well for the future in his retirement.

The meeting closed at 7.46 p.m.

Chairman.