

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Tuesday, 2 June 2009

PRESENT: Councillor Perkins (Chair); Councillor Yates (Deputy Chair); Councillors De Cruz, Hawkins and Lill

1. APOLOGIES

Apologies were received from Councillor Davies.

2. MINUTES

The minutes of the meeting held on 17th February 2009 were signed by the Chair.

3. DEPUTATIONS / PUBLIC ADDRESSES

That Councillor Woods be granted leave to address the Committee in respect of Item 7- Annual Audit Letter.

4. DECLARATIONS OF INTEREST

There were none.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. RISK MANAGEMENT UPDATE AND BUSINESS CONTINUITY REPORT

The Director of Finance and Support submitted a report which provided an update of recent progress in business continuity management across the Authority. It was noted that the Risk Registers from the service areas had been loaded onto Performance Plus and training was currently being undertaken by the lead co-ordinators to enable them to train other staff. An update of the Strategic Risk Register would be submitted to the next meeting.

The Director made reference to the draft list of critical functions. These would be moderated separately by Directors and Management Board. Business continuity planning had initially been considered in the context of an epidemic of swine flu virus and a temporary loss of staff. Planning would now progress to consider the loss of IT and accommodation etc.

The Council would host a Business Continuity Working Group which would have links to Direct.Gov to ensure a consistency of information to individuals and organisations. The Northamptonshire Resilience Forum would consider the interdependencies of different organisations as part of their continuity planning.

RESOLVED: 1. That the progress in business continuity management across
The Council be noted.

2. That the draft list of critical functions be noted.

7. ANNUAL AUDIT LETTER

The Director of Finance and Support submitted a report which provided an overall summary

of the Audit Commission's assessment of the Council. The report included the Annual Audit and Inspection letter for 2007/2008 which had been delayed due to the Audit Commission being challenged concerning the Icelandic Banking issue. It was anticipated that the Audit and Inspection Letter for 2008/2009 would be produced at the end of September.

In response to a question concerning sickness absence the Head of Human Resources confirmed that a new policy was being finalised which was more structured and proactive in understanding any patterns of absence. Health initiatives and stress management programmes were also underway and managers would be trained to implement the new policy. Improvements were not yet consistent and when long term sickness was taken out the figures were still above average. It was noted that a monitoring report would be submitted to the September meeting of the Committee.

The Director of Finance and Support advised that Strategic Business Reviews had been agreed for four areas, namely, ICT, Property/assets, environmental services and leisure. Each review had now commenced and would include the best form of service delivery and value for money. Strategic Business Reviews would cover the majority of the Council's services within the next few years.

Councillor Woods confirmed that the pace of reviews would accelerate because of the Council's budgetary situation. Management Board would be the Programme Board for the Strategic Business Reviews. Cabinet would receive regular reports as a standing item and Audit Committee would also be able to be involved.

It was confirmed that the Strategic Business Review report would be submitted to the next meeting.

RESOLVED: 1. That the 2007/08 Annual Audit and Inspection Letter from the Audit Commission be noted.

2. That a report on staff sickness be submitted to the September meeting of the Committee.

3. That a report on the current Strategic Business Reviews be submitted to the September meeting of the Committee.

8. UPDATES REQUESTED FROM 17 FEBRUARY AUDIT COMMITTEE

8.1 HOUSING RENTS

The Director of Housing submitted a report in respect of the Rents Audit and noted that performance on voids turnaround and rent and arrears collection was the best for at least five years. A brief discussion followed regarding historic debt. It was noted that the figures quoted in the report showed the in-year's position and did not include previous years' debts. The smaller the amount carried forward the more positive the impact on the performance indicator would be.

The Director of Finance and Support advised that whilst the current situation had improved there was still an issue about former tenants arrears, bad debt provision and the Write Offs Policy that needed to be reviewed. The Director elaborated upon the legal position of debt collection and the Council's use of "no collection, no fee" companies in appropriate cases to collect outstanding debt.

The External Auditor commented that whilst the focus on reducing in-year debt was

understandable, the Council also needed to understand the profile and age of historic debt so as to make an appropriate response in terms of pursuing recovery or writing it off.

- RESOLVED:**
1. That the report be received and the Committee's thanks be passed on the staff concerned for the improvements in voids turnarounds and rents collection and arrears recovery.
 2. That Internal Audit carry out a follow up exercise to ensure that the report's recommendations have been implemented.
 3. That a report on Former Tenants Arrears, Bad Debt Provision and the Write Off Policy be submitted to the Committee.

8.2 IBS PROJECT UPDATE

The Director of Housing submitted a report on the progress of the review of the IBS OPEN Housing It system. He reported that Sovereign PLC had appointed as consultants to advise on the implementation and functionality of the system. Denise Lewis would be the Project Manager and a first stage report was due on 30th June which would be referred to the Committee.

RESOLVED: That the report be received and that a project implementation Plan be submitted to the Committee at its September meeting.

9. AUDIT REPORTS REVIEWS

9.1 BANK RECONCILIATIONS

The Director of Finance and Support submitted a report that appended a report from ERP Systems Accountants. The Council's Bank reconciliation system had been re-engineered and rebuilt. The system had been checked and discrepancies looked for. Only £10,500 had needed to be written off which was regarded as a successful implementation result. The system would now give daily, weekly and monthly reconciliations. The project had now been concluded, and training and processes for staff were being devised. The Director also commented on the valuable support provided by the Consultants.

- RESOLVED:**
1. That the report be noted and that the thanks of the Committee be passed on to all those involved in the Bank Reconciliation project.
 2. That Internal Audit undertake a follow up exercise to confirm that the issues raised in their report have now been resolved.

9.2 PAYROLL

The Director of Finance and Support submitted a report, which detailed progress made with implementing the recommendations made in the 2007/2008 and 2008/2009 Internal Audit Reports. The Head of Finance confirmed that the Payroll Section had now transferred to the Finance Department and who were able to offer resilience to support the Section.

RESOLVED: That the report be received and that Internal Audit undertake a follow up exercise to confirm that the issues raised in their report have now been resolved.

10. ANNUAL INTERNAL AUDIT REPORT

The Internal Auditor submitted a report that summarised the findings of the audit work for

2008/2009 and provided his annual assurance opinion. The annual assurance opinion identified that controls continued to develop and improve however, there were isolated control weaknesses in the areas of fixed assets, debtors, payroll, UNICLASS creditors, bank reconciliations, housing rents and car parking income.

The Internal Auditor noted that the Annual Governance Statement would be submitted to the Committee at its meeting on 22 June 2009.

RESOLVED: That the report be noted.

11. REVIEW OF OUTSTANDING AUDIT RECOMMENDATIONS

The Director of Finance and Support circulated a report produced on the Team Central software which showed the total number of audit recommendations from 2006/7 to 2008/9, the total number of audit recommendations that had been implemented in those years and the total outstanding. The Director noted that there had been many requests from Officers for training on Team Central which were being dealt with.

The Director of Finance and Support confirmed that the profile of implementing audit recommendations was high and it now formed an important part of Directors and Heads of Service performance management.

RESOLVED: That the report be noted and that the outstanding audit recommendations on Planning Applications, Freedom of Information and Data Protection and Health and Safety be further reported on at the September meeting of the Committee.

12. EXTERNAL AUDIT UPDATE

The External Auditor submitted a report and confirmed that there were two stages that had to be completed. The first stage was the Financial Statement which reviewed whether the systems and processes in the Council operated to a satisfactory standard. There was room for improvement and a full report would be submitted in due course. The second stage was the use of resources for which the framework was set by the Audit Commission; and the tests for which had become harder and harder each year. Overall the Council scored a two last year, on a scale of one to four; one being poor and four being excellent.

The External Auditor commented that he believed that the Council was improving and that their audit in due course would confirm this. He cautioned that because the tests were getting harder the Council's score was likely to remain at two despite the improvements that had been achieved. A score of two would represent satisfactory performance and should not be interpreted as a standstill position. He confirmed that their report would provide guidelines on how further improvements could be made. In answer to a question he commented that both KPMG and the Audit Commission had their own moderation processes to justify the scores awarded.

In response to a question the Director of Finance and Support confirmed that a report would be submitted to the Committee setting out comparisons with Local Authorities once they were published nationally.

RESOLVED: That the report be noted.

13. EXCLUSION OF PUBLIC AND PRESS

The Chair moved that the Public and Press be excluded from the remainder of the meeting on the grounds that there was likely to be disclosure to them of such categories of exempt information as defined by Section 100(1) of the Local Government Act 1972 as listed against such items of business by reference to the appropriate paragraph of Schedule 12A to such

Act.

The Motion was Carried.

14. CARPARKING REPORT

The Director of Environment and Culture submitted a report updating the Committee on progress to implement the recommendations of the Internal Audit Car Parking Income report.

The Director noted that the planned strategic review of the car parking service would assist in highlighting further improvements such as the purchase of new ticket machines that would give more and better information. This report was due by 31 October 2009.

RESOLVED: That the report be noted and the Strategic Review of the Car Parking Service be submitted to the Committee at a future meeting.

The meeting concluded at 20.00.