

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 16 November 2009

PRESENT: Councillor Woods (Chair) Councillors Davies, J.Lill, Palethorpe and Yates

1. APOLOGIES

Apologies were received from Councillor De Cruz.

2. MINUTES

The minutes of the meeting held on 22nd October 2009 were signed by the Chair.

3. DEPUTATIONS / PUBLIC ADDRESSES

RESOLVED: That Councillor Clarke be granted leave to address the Committee in respect of item 10 'Review of Outstanding Internal Audit Actions.'

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 AND BUSINESS CONTINUITY UPDATES

The Director of Finance and Support submitted a report which provided the Risk Management update and elaborated thereon. The list of critical functions which the Committee had reviewed in February had been revised to show only the key items. The Business Continuity Plan could now be audited.

Councillor Woods commented that critical functions should cover disaster situations where services could suffer long term. Clarification was needed for a plan which extended beyond the seven days of the Business Continuity Plan.

The Director of Finance and Support confirmed that the Emergency Plan and the Business Continuity Plan covered different possible scenarios. The Internal Auditor commented that Management Team reviewed the different scenarios and matched the resource requirements needed. He suggested that a Fair Partnership agreement with other Local Authorities could be explored.

Councillor Yates suggested that the full names of the Heads of Services be published in the report for clarification.

Resolved:-

1. That the report be noted.
2. That consideration be given to extending the Business Continuity Plan beyond seven days.
3. That the full names of Heads of Service be included in the appendix.

7. HOUSING RENTS

This item was deferred.

8. FUEL MANAGEMENT

The Head of Neighbourhood Environmental Services addressed the Committee and advised that a fuel management study had been commissioned to ensure that fuel was not being used in an inappropriate way. Consideration was being given to whether the service could be better managed by the private sector and a lot of work was being done to improve the service at present.

The service was being examined to see if it was efficient and deliverable. A capital bid had been made to invest in a new fuel management system. In response to a question from Councillor Perkins, she confirmed that it was intended to complete this work by the end of the calendar year.

Councillor Palethorpe stated that in respect of the competitive dialog issue the service should be operating at the best level the department could achieve so it could compete during any tendering process. Interested parties would then know what they were bidding for. The Head of Neighbourhood Environmental Services confirmed that the system had to be replaced and although it worked, the system was no longer supported by the supplier. The service had to establish that fuel was being used as efficiently as possible. A new fuel management system would cost £15,000 to install.

The Internal Auditor commented that the 11 recommendations that were shown in the Team Central report indicated that compliance with licence requirements were not being carried out and should be addressed. The reconciliations should be carried out on a daily basis to ensure there were no leakages in the tanks. This would be a breach of the licence requirements. The other issues were simple house keeping measures which could be put in place very quickly.

The Head of Neighbourhood Environmental Services confirmed that licence conditions were being complied with. Liaison with the Transport Manager would continue.

Resolved:-

- 1. That the report be noted.**
- 2. That an update on progress against recommendations be brought to the next meeting of the committee.**

9. INTERNAL AUDIT UPDATE

The Internal Auditor addressed the Committee and confirmed that they were still waiting for a response on the draft reports for the Grounds Maintenance, Freedom of Information and Data Protection. Work had been completed in relation to cashiers and there was nothing further to report.

Resolved: That the position be noted.

10. A REVIEW OF OUTSTANDING INTERNAL AUDIT ACTIONS

Councillor Clarke addressed the Committee with concerns in respect of the number of actions not verified. He believed that there was a danger that the implemented/closed section of the Team Central report could be mixed up. Out of possible 306 actions outstanding from 2008/10 only 53 had been closed; there was still a lot of work that the Authority had to do.

Councillor Clarke commented that there was a lack of paper trail for many actions which had or had not been implemented. He believed that the majority of the reports were verbal updates which did not give the Committee or public a chance to review them. He considered that proper reports were required with deadlines which would hold people to account if actions were not done. To protect the Committee, guidelines had to be in place and outstanding actions had to be taken seriously.

Councillor Yates commented that there were in fact, 136 recommendations pending; 53 of them were closed and 30 were not yet due. That gave approximately a 70% success rate which he considered good.

Councillor Perkins advised that he had been a member of the Committee from 2003 to 2009 and the absence of reports at this meeting was unusual; the Committee had made considerable progress over the last 2 years. Previously, the number of outstanding actions had been much higher. The priority or level of risk was brought to the Committee's attention by the auditors and high risks were dealt with.

The Internal Auditor advised that it was the manager's responsibility to implement audit recommendations and once they were implemented the response would go back to the auditors to be signed off. Feedback to the Committee was provided in the report.

The Director of Finance and Support confirmed that implementing recommendations to meet high risks were expedited and delivery of audit recommendations were part of performance management with the relevant Portfolio Holder. The responsibility lay with Directors and there had not been a situation where the Committee had been told the recommendations were implemented when in fact, they had not.

Councillor Woods suggested that treasury, payroll, housing rents and temporary accommodation be considered at the next meeting. The Director of Finance and Support confirmed that she would invite the Director of Housing to the next meeting.

Resolved:

- 1. That the report be noted.**
- 2. That treasury, payroll, housing rents and temporary accommodation reports be discussed at the next meeting.**

11. EXTERNAL AUDIT UPDATE

The External Auditor addressed the Committee and confirmed that the previous external auditors, KPMG, had completed their outstanding work with the Council and the Audit Commission could now take over. They would undertake initial assessment work, review the internal audit services and liaise with the former external auditors. There would be a draft working protocol so the Authority would receive the maximum benefit and ensure that work was not duplicated.

The External Auditor confirmed that work would properly commence in the new year and from January to March there would be a detailed review to ensure that systems were robust. Work on the Use Resources Statement would commence, the final accounts work would be completed in the summer and an annual audit letter would be issued.

Resolved: That the report be noted.

The meeting concluded at 18.51