

GOVERNANCE, AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES

4 APRIL 2013

Chairman: * Councillor Bill Phillips

Councillors: * Sue Anderson * Amir Moshenson
* Kam Chana (2) * Varsha Parmar
† Mano Dharmarajah † Richard Romain

* Denotes Member present
(2) Denote category of Reserve Members
† Denotes apologies received

RESOLVED ITEMS

223. Appointment of Member

RESOLVED: That Councillor Varsha Parmar has been appointed a full Member of the Governance, Audit and Risk Management Committee for the remainder of the 2012-2013 Municipal Year be noted.

224. Attendance by Reserve Members

RESOLVED: To note the attendance of the following duly constituted Reserve Members:

Ordinary Member

Reserve Member

Councillor Chris Mote

Councillor Kam Chana

225. Declarations of Interest

Resolved: To note that there were no declarations of interests made by Members.

226. Minutes

The Chair reminded the Committee that the minutes of the 29th November 2012 had not been agreed at the last meeting on 23 January 2013, as a Member had felt that they did not reflect the strength of feeling expressed by members in respect of staffing levels in the Audit team. He pointed out that later in the meeting the issue had been discussed again, which had resulted in further resolutions, namely that

- (1) GARMC believes that the Internal Audit team should comprise a minimum of seven staff but recognises that due to budget constraints it will only be possible to fund six; and
- (2) GARMC requests that if additional funding can be identified, recruitment for the remaining post should be considered a priority.

The Chair gave his opinion that the further discussion and resolutions had taken the matter forward, and it was no longer necessary to revisit the minutes of the 29th November.

A Member observed that the proposed amendment did not commit the Committee to any definite action, and did not compromise or alter the later development; the Committee could still reserve the right to take action.

Members noted that only two of the five Members present had been at the meeting in question, and having considered the circumstances and background of the matter, were happy to agree the minutes.

Therefore, having noted the Committee's continuing concern about staffing levels in the Audit Team it was

RESOLVED: that

- (1) the minutes of the meeting held on 29 November 2012 be taken as read and signed as a correct record; and
- (2) the minutes of the meeting held on 23 January 2013 be taken as read and signed as a correct record.

227. Public Questions, Petitions and Deputations

RESOLVED: To note that no petitions were received, questions put or deputations received.

228. Reference from Cabinet - 14 February 2013 - Final Revenue Budget and Medium Term Financial Strategy 2013/14 to 2016/17

A reference from the Cabinet meeting on 14 March 2013 on the Final Revenue Budget and Medium Term Financial Strategy Report was received by the Committee.

RESOLVED: That the reference be noted.

229. Reference from Cabinet - 14 February 2013 - Treasury Management Strategy Statement, Prudential Indicators and Minimum Revenue Provision Policy (MRP) and Strategy 2013/14

A reference from the Cabinet meeting on 14 March 2013 on the Treasury Management Strategy Statement, Prudential Indicators and Minimum Revenue Provision Policy and Strategy 2013-14 was received by the Committee.

RESOLVED: That the reference be noted.

230. Audit Plan 2012-13

The Committee received the report of the Director of Finance and Assurance which included the Accounts Audit Opinion Plan 2012-13, the Pension Fund Annual Report Audit Plan 2012-13 and the Grants Certification Report for 2011-12.

Ms Anna Parker of Deloitte LLP outlined the contents of the three documents and informed the Committee that very little had changed since last year. She highlighted the significant risks which had been identified and how these would be assessed, including:

- revaluation of properties;
- valuation of pension liability;
- the Housing Revenue Account;
- management override of key controls.

Essentially, auditors were assessing that judgements made by the Council were sensible and reasonable, and in keeping with good practice and accounting guidance, in particular the government accounting manual. Ms Parker also informed the committee that the way in which the Auditor's fees were paid had changed, although the sums concerned were unaffected.

Mr David Boyd of Deloitte LLP described the contents of the Pension Fund Annual Report Audit Plan, and again reported that there was little change from last year. He outlined the four key audit risks identified, namely:

- contributions;
- benefits;
- financial instruments;
- controls.

Mr Boyd stated that the scheme was not considered to be over-exposed, and that there were no significant issues to note.

In response to a Member's query, an officer explained that the actuarial shortfall was assessed every 3 years. The most up-to-date valuation would be undertaken as at March 2013, and was anticipated to be about 70% funded, compared to the previous assessment of 73% funded. The plan was to reduce the deficit over a 20 year period through two strategies – partly by an increase in contributions, but with the greater proportion achieved through enhanced investment performance.

Ms Parker then provided an update on the Grants Certification Report and informed the Committee that all four claims had been certified by the deadline. Three of the claims had required adjustments, and two had required adjustments and a letter of qualification. The claim for Housing and Council Tax Benefit Subsidy had required the most work, and she explained the process for sample testing when an error was found. She also stated that although the errors found were an increase on last year's figures, there were still comparatively low when compared nationally. She was confident that there was no systematic problem, and that the culture for audit was improving.

Resolved: That the report be noted.

231. Draft Internal Audit Plan 2013/14

The Committee received the report of the Corporate Director of Resources which set out the draft Internal Audit Plan for 2013-14.

An officer explained that the draft Plan was a list of potential audit work. The audit work which would not change related to core financial systems and governance work, and the remaining reviews would reduce as reviews were risk assessed and matched to Internal Audit resources.

She informed the Committee that the Chief Executive had asked for work on compliance testing against policies and procedures. She added that recruitment was underway for a vacant post in the Audit Team.

In response to Member questions, the officer described how reviews were identified and prioritised, varying timescales and cycles for review, and how comparative data and performance indicators were provided.

The Chair suggested that the Council should investigate electronic invoicing in the interests of value and efficiency, and rationalising CRM systems such as Frameworki, although he recognised that this was not strictly an audit issue. A Member commented that the review of Public Health Integration was a worthwhile inclusion.

Resolved: That

- (1) the process employed to develop the Plan be noted;
- (2) Members' suggestions for consideration of electronic invoicing and rationalisation of customer relationship management systems be noted.

232. Information Report - Annual Governance Statement 2011/12 Action Plan Update

The Committee received the report of the Corporate Director of Resources, which set out the actions planned to address gaps in the 2011-12 Annual Governance Statement, and progress to date.

An officer explained that this report would feed into the Annual Governance Review for 2012-13, and she updated the Committee on the two significant gaps identified in the previous report.

The first related to Disaster Recovery, which was rated 'amber'. Work would be completed in this area during Quarter 1 to close the gap.

The second concerned the West London Waste Authority (WLWA) and the external auditor's requirement that a separate bank account be set up for WLWA. A new treasurer had been appointed at WLWA, who was looking at setting up a separate bank account and financial processes from April 2014. The officer reported that this had been discussed with the External Auditors who were not overly concerned, and the Director of Finance and Assurance confirmed that he had agreed to produce a separate working paper for the External Auditors to provide additional assurance.

The Chair concluded that plans for separation of functions were in hand and would soon be achieved.

Resolved: That the report be noted.

(Note: The meeting, having commenced at 8.00 pm, closed at 10.00 pm).

(Signed) COUNCILLOR BILL PHILLIPS
Chairman