

Minutes of: **AUDIT TASK GROUP**

Date of Meeting: **25 January 2007**

PRESENT: **Councillor Starkey (Chair)**
Councillors Haworth, Lynskey (substituting for Cheetham), Morris (substituting for P Steen), Neal

IN ATTENDANCE: **Melanie Dexter, Lancashire Audit Service**
Ruth Lowry, Head of Internal Audit Service
Phil Seddon, Head of Finance
Andrew Buckle, Interim Head of Customer Service and e-Government
Pat Couch, Scrutiny Support Officer

ALSO PRESENT: **Councillor Essex (Portfolio Holder, Policy and Performance)**

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Alcroft, Cheetham, Eaton and P Steen.

2. DECLARATION OF INTEREST

There were no declarations of interest made.

3. MINUTES OF THE LAST MEETING

Resolved:

That the Minutes of the last meeting held on 8 November 2006, be agreed and signed as a correct record.

4. PUBLIC QUESTION TIME

No questions were raised under this item.

5. CHAIRS INTRODUCTION

The Chair welcomed everyone to the meeting and indicated that at the Management Committee meeting in December it was agreed that the new arrangements would continue. Therefore once the names of the three main Scrutiny Groups had been approved by Council on 31 January, this group would be called the Audit Scrutiny Committee.

The Chair indicated that at the present time a Committee Schedule was being prepared and it was envisaged that this Committee would

continue to meet on a quarterly basis to consider the quarterly reports of the Internal Auditors. At the meeting in June the Committee would be presented with the Annual Report, Annual Audit Plan and External Audit Plan.

The Chair informed Members that as part of their work programme the Committee had been asked to support the role of the Standards Committee in assessing standards of conduct within the Council.

The Chair requested Members approval to allow the Head of Policy and Change Management to present an urgent item first on the agenda.

NOTE: The Chair considered that the following item was urgent on the grounds that the report needed to be considered by the Committee prior to submission to the Cabinet in February.

6. PERFORMANCE MANAGEMENT AND DATA QUALITY

The Portfolio Holder for Policy and Change Management outlined details of the proposed Performance Management and Data Quality Policy for the Council.

The Policy sets out the Council's approach to performance management to secure a high level of data quality within the context of performance information, to support the Council's approach to performance management.

The policy would be supported by a strategic action plan which would demonstrate how the Council intends to continually develop and improve its approach to performance management.

Members agreed to look at the report and send comments through the Scrutiny Support Officer.

Resolved:

That Members forward individual comments through the Scrutiny Support Officer.

7. INTERNAL AUDIT PROGRESS REPORT APRIL – DECEMBER 2006

The Head of Internal Audit presented the internal audit report for the period 1st April 2006 to 31st December 2006.

The report highlighted that 237 days had been spent in the last nine months since the start of the financial year to deliver the audit plan, which equated to 73% of the total audit activity of 327 days planned for the year. It was noted that part of the time (39 days) related to the finalisation of 2005/06 audits.

In respect of the balance of the 2006/07 plan, work had been programmed over the remainder of the year to ensure that all the areas identified would be covered as required by the Council.

Melanie Dexter from the Internal Audit Service gave a brief overview of the core financial system, including Payroll and Debtors.

In relation to Payroll, there were comments within the report about the lack of segregation of duties within the calculation and input processes with these duties being assigned to one specific member of staff. It was agreed that a letter should be sent to the Head of Human Resources asking for information on how she intends to introduce appropriate segregation of duties within the department.

With regard to Debtors, Members raised concern in relation to recovery of outstanding debts, recovery action taken and the debt write off. It was noted that Legal Services were responsible for these, and that whilst letters were sent to debtors informing them of court action, there was no systematic follow up of these letters to pursue the issue further.

The Council had recently procured an Automated Recovery Management System, which once the system goes live in two months would alert staff to outstanding debts.

Members agreed that an Officer from Legal Services should attend the next meeting to update the Committee on their action taken to address the recommendations made by internal audit.

Members also noted that some departments may not be reporting sickness absence to the Human Resources team, with some forms either late, or on some occasions the lack of evident of a robust audit trail. It was agreed to write to the Head of Human Resources to progress this. It was agreed that the Scrutiny Support Office be requested to contact the Head of Human Resources asking her to write to Managers.

Resolved:

1. That the Internal Audit Progress Report for April –December 2006 be noted.
2. That the Committee recommends that an Officer from Legal Services be asked to attend the next meeting to update the Committee on their action taken to address the recommendations made by internal audit.
3. That the Head of Human Resources contact Heads of Service and Managers to highlight the importance of submitting sickness absence returns on time and to advise that the timescales for submission would continue to be monitored by the Committee to ensure improvements were being made.

4. That a letter be sent to the Head of Human Resources asking for information on how she intends to address audit recommendations on segregation of duties within the department.

8. INTERNAL AUDIT – TERMS OF REFERENCE AND STRATEGY

The Head of Internal Audit presented the internal audit terms of reference and strategy.

The Chartered Institute of Public Finance and Accountancy has re-issued its publication and therefore the Internal Audit Service had developed revised terms of reference that reflected both the specific amendments to the Code of Practice and wider changes since its terms of reference were established in 2004.

The key issue was that the Internal Audit's service extended the assurance that internal audit controls were also working whether financial or non-financial.

On the basis of the work undertaken during the year, the Head of Internal Audit provides an opinion annually to the Council on the overall adequacy and effectiveness of the organisation's control environment.

There was discussion around the need for the Internal Auditors to meet with the Audit Task Group on an informal basis at least once a year. It was noted that if issues came to light during the year then the Head of Internal Audit would liaise with the Chair of the Task Group.

A Member indicated that it would be appropriate to update the Groups own terms of reference in line with those of the Internal Audit Service. The Head of the Internal Audit Service agreed to look at the Group's Terms of Reference so that these could be included in the Council's Constitution, which at the present time was being updated.

Resolved:

1. That the Terms of Reference and Strategy be noted
2. That the Audit Task Group's Terms of Reference be updated in line with those of the Internal Audit Service.

9. INTERNAL AUDIT SERVICE CLIENT SATISFACTION SURVEY 2006

The Head of Internal Audit presented a report on the results of the recent client satisfaction survey undertaken on behalf of the Service by CIPFA's Benchmarking Club.

The survey asked for client's views on the audit services, audit staff, the conduct of their audits, audit reporting and customer service.

There were 35 detailed questions and clients were also asked to provide a single overall rating of internal audit, independent of other scores.

The results indicated that the service provided by the internal auditors was 'good'. Only 2 people from Rossendale Borough Council were asked to complete the survey and it was agreed that the next time the survey was conducted this offer would be extended to Heads of Service and the Chair of the Audit Task Group, with possibility of extending this to the whole of the Task Group.

The report contained the results of the last survey undertaken in 2005. At that time out of 7 areas which were regarded as important elements of work 5 had improved, although 2 of these areas were still of concern. These were, delays in issuing reports, and recommendations not always being constructive, practical and cost effective.

The Chair asked the Internal Auditor how they intended to improve these areas and she explained the process which they would be undertaking and the monitoring system in place which would alert staff if dates were not being achieved.

Resolved;

That the survey results be noted.

10. YOUR BUSINESS RISK

The Interim Head of Customer Services and e-Government presented progress with the recommendations made by the Audit Commission 'Your Business at Risk' report.

The Council's IT Strategy was approved by Cabinet in October 2006 as an essential tool in order to assist the Council in driving up the security across the network and also make employees aware of the security risks.

The Interim Head of Customer Services and e-Government then updated Members on the progress since the implementation of the ICT Strategy and the significant changes that had been made.

An internal audit had commenced to assess compliance with the requirements set out by the Audit Commission, the results of which were awaited. The audits would be extended to the data centres at sites of Capita and Integralis.

Disaster recovery systems were already in place in certain areas of the Council and this would be extended to other areas in the future.

Resolved:

That the report and progress to date be noted.

Signed.....
(Chair)

Date.....