

# CORPORATE GOVERNANCE COMMITTEE

**31 MARCH 2015 - 2.30PM**



**PRESENT:** Councillor Owen (Chairman), Councillor Butcher, Keane, Oliver and Sutton

**OBSERVING:** Councillor Clark.

**APOLOGIES:** Councillors Booth, Mrs Mayor and Mrs Newell

**OFFICERS IN ATTENDANCE:** Jane Bailey (Member Services and Governance), Rob Bridge (Corporate Director (Finance)), Carol Pilson (Corporate Director), Mark Saunders (Chief Accountant) and Jonathan Tully (Internal Audit Manager)

**ALSO IN ATTENDANCE:** Aphrodite Antoniadis from PricewaterhouseCoopers (PwC), the Council's External Auditors

## **CGC26/14 PREVIOUS MINUTES**

The minutes of the meeting of 3 February 2015 were agreed and signed.

**\* FOR INFORMATION OF THE COUNCIL \***

## **CGC27/14 EXTERNAL AUDIT PLAN 2014/15**

Members considered the External Audit Plan 2014/15 presented by Aphrodite Antoniadis from PwC, the Council's external auditors.

Members asked questions, made comments and received responses as follows:

- Councillor Butcher asked for clarification on a de minimis threshold of £60,000. Aphrodite Antoniadis stated that PwC would consider why the difference had arisen and if we were satisfied a log would be kept. Rob Bridge stated that to clarify this would not be a missing amount but would be around errors or misstatements, simply figures not being in the right place, these errors would be shared with us by PwC so that we would be able to rectify the misstatement moving forward;
- Rob Bridge stated that the financial system that FDC use is called Agresso, he informed members that the finance team have taken this a stage further and are now also using the procure to pay system, moving away from paper ordering, invoicing and payment processes. He explained that staff raise a requisition electronically, the manager approves the order which immediately shows as a spend for that budget. The requisition and invoice all go to one central point, and once the order has been received and this has been noted on the system the invoice will be processed and paid;
- Councillor Owen stated that if a staff member is making an order they are able to see instantly what budget is available, and everything is all updated immediately as those funds are committed to that order;
- Councillor Butcher asked if the auditor is happy with the new system. Rob Bridge reminded members that the system has been live for just 3 or 4 weeks and so far is working well. Aphrodite Antoniadis stated that PwC have not yet formally tested the system but we will look to ensure that it has been set up and is being used correctly;

- Councillor Sutton asked why we can have a de minimis threshold for one area and not another, he reminded members of his concern about fees paid for testing that are disproportionate to the errors found with regards to revenues and benefits. Rob Bridge confirmed that these two auditing procedures are very different and that the accounts follow the true and fair concept. Aphrodite Antoniadou agreed stating that there is very strict guidance around revenues and benefits certification that they have to abide by. Rob Bridge added that he has seen updates recently that say this is being looked into, with the possibility that in the future this could be looked at authority by authority. Mark Saunders confirmed how strict the guidance is with regards to revenues and benefits as the previous benefit audit was within £25 and DWP deducted that amount from our funds this year;
- Councillor Butcher asked for clarification with regards to the responsibilities outlined on page 19 of the report. Rob Bridge stated that this is confirming that the Corporate Governance Committee are confident in the Council's role of dealing with fraud and risk. Councillor Owen referred Councillor Butcher to page 20 where the requirements of the Corporate Governance Committee are laid out. Rob Bridge confirmed that at the previous meeting the Committee had a training sessions with regards to fraud and then agreed the Anti-Fraud and Corruption Policy and Strategy at that meeting, this all goes towards ensuring that this Committee have a good understanding and know what is going on;
- Councillor Keane asked who investigates fraud. Rob Bridge confirmed that the Housing Benefit and Benefits Fraud Team investigate issues with regards to benefit fraud and Jonathan Tully as Internal Audit Manager would investigate corporate fraud issues.

**The Corporate Governance Committee approved the External Audit Plan 2014/15.**

#### **CGC28/14 INTERNAL AUDIT CHARTER**

Members considered the Internal Audit Charter presented by Jonathan Tully.

Members asked questions, made comments and received responses as follows:

- Councillor Keane asked how long does the training for the audit team take and how many staff are there in that team. Jonathan Tully stated that the team are a mix of professionally trained and experienced staff and the amount of training varies. We have a robust personal development process, known as Springboard meetings, that looks at training needs and requirements for the team in response to legislative requirements and topical issues. Rob Bridge confirmed that there are 2.6 FTE staff and this is an adequate sized audit team for this authority.

**The Corporate Governance Committee approved the Internal Audit Charter.**

#### **CGC29/14 RISK BASED INTERNAL AUDIT PLAN**

Members considered the Risk Based Internal Audit Plan 2015/16 presented by Jonathan Tully.

Members asked questions, made comments and received responses as follows:

- Councillor Butcher stated that looking at the Internal Audit Plan, ICT - Communications will be audited, the plan shows that it has been a long while since this area was last audited, he asked for clarification of this. Jonathan Tully confirmed that Communications is one of the much lower risk areas of ICT, we look at assets, security and back-ups more regularly as they have a higher risk;
- Rob Bridge stated that ICT is incredibly important to this Council and to the auditors, he informed members that PwC bring in a specialist auditor for ICT matters;

- Councillor Butcher stated that that he is concerned that the audit team's work is all mapped out for the next year, he asked if this Committee had concerns would you have spare capacity for additional work. Jonathan Tully confirmed that there is flexibility within the plan and we would use that to take on the additional work, however if the work was more substantial we might look at revising the plan to schedule the work in.

**The Corporate Governance Committee acknowledges the Internal Audit resources and approves the Internal Audit Plan for 2015/16.**

**CGC30/14 ITEMS OF TOPICAL INTEREST**

Rob Bridge updated the Committee on Items of Topical Interest as follows:

- As of today the Audit Commission ceases to exist;
- With regards to the transition of external auditors, PwC will be with us until the end of the year but we expect that the transition process of introducing Ernst and Young will begin soon. Rob Bridge confirmed that the first meeting had been set up with the new auditors and he expects them to observe the Corporate Governance meetings before they officially take over. He confirmed that he will ensure that they are introduced to the Committee.

3.05pm

Chairman