

## Corporate Governance and Audit Committee

Wednesday, 10th July, 2013

**PRESENT:** Councillor G Hussain in the Chair  
Councillors P Grahame, T Hanley, C Fox,  
E Taylor, J Bentley, J Hardy, N Walshaw  
(as substitute for N Taggart) and  
B Anderson (as substitute for R Wood)

Apologies Councillors N Taggart, R Wood and  
J Illingworth

### 1 Chair's Opening Remarks

The Chair welcomed councillors and officers to the first meeting of the Committee in the new Municipal Year.

### 2 Appeals Against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents.

### 3 Exempt Information - Possible Exclusion of the Press and Public

There were no resolutions to exclude the public.

### 4 Late Items

There were no late items submitted to the agenda.

### 5 Declaration of Disclosable Pecuniary and Other Interests'

No declarations were made.

### 6 Apologies For Absence

Apologies for absence were received from Councillors E Taylor N Taggart and R Wood. In reporting Councillor Taggart's absence the chair wished to convey the committee's best wishes for a speedy recovery.

### 7 Minutes of the Meeting held on 22nd April 2013

The minutes of the meeting held on 22nd April 2013 were approved as a correct record.

### 8 Matters Arising

Minute No. 60 Calderdale Shared Services Agreement

With regards to this item it was confirmed by the Head of Governance Services that a report will be brought back to the Committee in November

following a report which is being received by the Executive Board on the Calderdale Shared Services Agreement.

Minute No.61 Business Continuity Arrangements for LCC's most critical Services

The Head of Governance Services confirmed that the Chief Officer (Audit and Investment) had relayed the Committee's concerns, about Business Continuity Plans currently not being in place for all business critical services to the Director of Resources.

**9 Update regarding progress with the development of Business Continuity Plans for LCC's most critical services.**

The Business Continuity Programme Manager provided an update to the Committee on the progress made towards completing the outstanding Business Continuity Plans for the Council's most critical services.

Members re-iterated that they had been disappointed with the number of Business Continuity Plans completed in April and that, whilst considerable progress had been made the remaining 26 plans that were still to be completed was unsatisfactory.

Members agreed that they wished to see all Business Continuity Plans completed by the end of September in time for a further update report to the Committee at its November meeting.

**RESOLVED** - The Committee resolved to:

(a) note that progress with the development of Business Continuity Plans for the Council's most critical services is being made with all directorates in order to meet the statutory duties required of the Civil Contingencies Act 2004; and

(b) request a report to November's meeting informing the Committee whether the completion of all outstanding Business Continuity Plans for the most critical services have been completed.

**10 KPMG Interim Audit Report**

The Principal Audit Manager from KPMG presented a report which identified the findings from KPMG's interim audit work in relation to the 2012/13 financial statements and the initial work undertaken to support their 2012/13 VFM conclusion.

It was noted by the Committee that in previous years substantial audit reports have been received which have set out the extent of KPMG's work with assurances provided to Members. In light of this Members questioned the KPMG representative whether all the work identified in their audit plan had been completed. It was confirmed to the Committee that all work had been completed.

KMPG outsourcing work to India was raised by the Committee, specifically in relation to the security and storage of data. Members were also keen to ensure KPMG contributed to job prospects for local people.

**RESOLVED** – The Committee resolved to note:

- (a) the positive assurances provided by KPMG on the systems and controls which underpin the Council's financial statements; and
- (b) that no significant issues had been identified by KPMG during the year.
- (c) KPMG's opinion that Internal Audit are fully compliant with the "The Code of Practice for Internal Audit in Local Government" and that fully reliance can be placed on their work.

## **11 The Statement of Accounts 2012/13**

The Principal Finance Manager presented a report which presented the 2012/13 Statement of Accounts prior to them being made available for public inspection. It was confirmed to the Committee that the Director of Resources had reviewed the accounts and signed them as a true and fair view of the Council's financial position.

Members raised a number of questions on the accounts, specifically in relation to a £1.6m grant re-fund from 2011/12 and the level of reserves held by schools.

Members also gave consideration to the contingent liabilities and contingent assets of the Council.

Members also commented on the significant fall in the net worth of the Council as recognised by the Council's balance sheet. However assurance was provided by the Principal Finance Manager, that if market value, rather than social value, was applied to the Council's housing stock, and if infrastructure was also to be included at full value, then this would significantly enhance the Council's balance sheet. It was however recognised that the Council's balance sheet contained some significant liabilities, notably in relation to pensions and debt. These liabilities are carefully monitored to ensure they are effectively managed. In particular it was noted that the Council's actuaries estimated that the pension liabilities are currently over 90% funded and are expected to reduce under planned changes to the scheme.

It was noted by the Committee that although the Council does have significant debt expenditure, the cost of servicing this debt amounted to only 6% of the Council's spend which compared well to comparable organisations of the Council's size.

**RESOLVED** – The Committee resolved to:

- (a) to note the contents of this report; and
- (b) agree to release the accounts for public inspection.

## **12 Internal Audit Annual Report**

Head of Internal Audit presented a report which brought to the attention of the Committee the basis of the Internal Audit Assurance for 2012/13.

Members discussed the report commenting on the administration of community centres and discussing whether they give value for money when booking them for events.

Members also considered the positives and negatives of framework contracts and that on occasion certain items were available more cheaply when purchased outside a framework contract.

The Head of Internal Audit welcomed suggestions from Members of areas of the authority to review.

**RESOLVED** – The Committee resolved to receive the Internal Audit Annual report 2012/13 and note the assurances given.

## **13 Internal Audit Quarterly Report 1st April to 30th June 2013**

The Head of Internal Audit presented a report which provided a summary of Internal Audit Activity for the period 1st October to 30th November 2012 and highlighted the incidence of any significant control failings or weaknesses.

The proposed Internal Audit Plan for 2013/14 was also included as part of this report and has been challenged and agreed by the Director of Resources.

Members asked questioned about the role of Internal Audit in relation to Business Continuity Planning and were informed that the service is subject to routine audit.

The role of Internal Audit with regards to the new combined authority and the LEP was discussed by the Committee and the Head of Internal Audit welcomed any support Members could offer which might enable regular review of these areas to take place.

**RESOLVED** - The Committee resolved to:

- (a) Receive the Internal Audit April to June 2013 report and note the work undertaken by Internal Audit during the period covered by the report and the assurances given; and
- (b) Note the Internal Audit Plan for 2013/14.

## **14 Work Programme**

The City Solicitor submitted a report notifying Members of the work programme.

The Committee reviewed its forthcoming work programme.

**RESOLVED** - The Committee resolved to note the forthcoming reports.