

# NORTHAMPTON BOROUGH COUNCIL

## AUDIT COMMITTEE

Thursday, 24 November 2011

**PRESENT:** Councillor Hallam (Chair); Councillor Oldham (Deputy Chair); Councillors Beardsworth, Gowen, Nunn and Subbarayan

### 1. APOLOGIES

None.

### 2. MINUTES

The Minutes of the meeting held on 26<sup>th</sup> September 2011 were agreed and signed by the Chair as a true record.

### 3. DEPUTATIONS / PUBLIC ADDRESSES

Mr B Hoare referred to the External Auditor's report and noted that he had addressed the last meeting in respect of the reporting of budget and performance monitoring and accessibility to that information. Since that meeting he had not been able to find this information on the Council's website.

The Director of Finance and Support reported that all the budget monitoring information was available on the website and a simple search using the term "budget monitoring" would locate it. The performance monitoring information was not yet available on the website and the Committee would be updated at its meeting in January 2012.

### 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. TREASURY MANAGEMENT MID YEAR REPORT 2011-12

The Director of Finance and Support submitted the Treasury Management Mid Year report 2011-12 for review and comment before being submitted to Cabinet and Council and elaborated thereon. In answer to questions the Director commented that the Treasury Strategy was risk adverse with the principles of security, liquidity and yield being applied; and that the Prudential Indicators had been previously agreed by Council and in relation to Housing Finance Reform the borrowing was a legal requirement.

**RESOLVED :** 1. That the report be approved for submission to Cabinet in December and to Council in January.

2. That the Treasury Management Team be congratulated upon their performance.

### 7. INSURANCE MANAGEMENT UPDATE

The Director of Finance and Support submitted a report that set out an overview of the Council's Insurance Management function and elaborated thereon. In answer to questions

the Director commented that the tenders for insurance management software would be sent out in January 2012 with an intended transfer from the old system to the new commencing in April; that the references to “money” and “travel” in Table 1 referred to cash and any travel related incidents concerning employees respectively; that in respect of paragraph 3.2.14 it was intended that any new Broker would provide the same services as the existing; and terrorism was accounted for as appropriate within other policies.

**RECOMMENDED** : That the report be noted.

## **8. RISK MANAGEMENT STRATEGY**

The Director of Finance and Support submitted a report Committee received a report on the Council’s updated Risk Management Strategy, and noted that the Council was now prepared to accept a greater degree of risk which was sign of a more mature organisation.

**RESOLVED:** That the updated Risk Management Strategy be noted submitted to Cabinet for approval.

## **9. PROCUREMENT FINAL REPORT**

The Internal Auditor submitted a report Committee considered a report that summarised the results of the 2011/12 procurement internal audit, elaborated thereon, thanked Management for their support whilst the audit was being conducted and noted that the implementation of the report recommendations would be monitored during the 4<sup>th</sup> Quarter.

The main points of discussion were as follows:-

- The audit had revealed the need for Council wide training;
- New management of the Procurement function had been put in place and proactive procedures were being put in place to govern the function to assist Managers;
- A work plan had been created to reflect the recommendations of the report and to manage the delivery of them;
- A central repository of contracts was being created;
- New controls using set frameworks for new suppliers had been set up;
- Mini audits of the delivery of contracts would be conducted to ensure that contract terms were being met;
- Legal Services checked all contract documents;
- That staff would be channelled by the system into the appropriate supply agreement without the ability to go elsewhere; and
- That the report would provide a benchmark for the future.

**RESOLVED;** That the report be noted.

## **10. CORPORATE DEBT - PROGRESS AND AGE DEBT ANALYSIS**

The Director of Finance and Support submitted a report that set out an analysis of debt and the age of outstanding debt across the Council.

**RESOLVED** That the report be noted.

## **11. INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor submitted a report that set out progress against the approved internal audit plan for 2011/12 and noted that since publication of the agenda 455 of the plan had now been completed. He made particular reference to the bullet points on page 4 of the Appendix and noted that the individual reports and recommendations could be tracked on

Team Central. In answer to a question the Internal Auditor noted that some recommendations could be implemented quicker than others but that in any case implementation would be monitored.

**RESOLVED;** That the report be received.

## **12. EXTERNAL AUDIT UPDATE**

### **12.1 REGULAR UPDATE**

The External Auditor reported, that in respect of the external audit for 2010/11 grant claims would be signed off on 25 November 2011 and that this would complete that year's audit. The audit for 2011/12 would commence once the Internal Auditor had completed his work.

**RESOLVED:** That the report be noted.

### **12.2 AUDIT COMMISSION ANNUAL AUDIT LETTER 2010/11**

The External Auditor submitted the Annual Audit letter for 2010/11 and elaborated thereon. In answer to questions he noted that the national changes to the Housing Revenue Account (HRA) did pose potential risks; the Council would need to be in a position to proceed with Decent Homes schemes at short notice once funding was confirmed.

The Director of Finance and Support noted that in the scale of overall expenditure the level of underspend on the HRA was minimal. The underspend on the General Fund was due debt financing reductions resulting from slippage in the Capital Programme. She also noted that some pension fund contributions had been paid up front which had also resulted in savings that in turn had been used to pay contributions that were due next year in this financial year; this would also lead to savings in future years. A report would be submitted to Cabinet on 14 December in respect of savings and pressures in the General Fund. In answer to a question the Director commented that the Government funding for Decent Homes was still only indicative and that most of it would become available, if confirmed, at the back end of the project, ie in 2014/15. She reminded the Committee that even so this would not meet all of the Decent Homes backlog costs; the balance would have to be met from General Reserves and Prudential Borrowing.

**RESOLVED:** That the Annual Audit Letter for 2010/11 be received.

The meeting concluded at 19.03 hours