

AUDIT COMMITTEE

MEETING, 7th DECEMBER, 2012

Present – Councillors Greenhalgh (Chairman), Ayub, Kay, A. Connell, I. Ibrahim and Morgan.

Also in attendance

Ms. S. Johnson	-	Assistant Director of Information Technology and Finance
Mr. J. Midlane	-	Head of Internal Audit and Risk
Mrs B. Newman	-	Chief Accountant
Mr M. Connor	-	Treasury Accountant
Mr. T. Cutler	-	KPMG
Mrs V. Ridge	-	Deputy Democratic Services Manager

An apology for absence was submitted on behalf of Councillor S. Harkin.

Councillor Greenhalgh in the Chair.

21. MINUTES

The minutes of the proceedings of the meeting held on 27th September, 2012 were submitted and signed as a correct record.

22. ANNUAL AUDIT LETTER 2011/12

Representatives from KPMG submitted the Annual Audit Letter which summarised the key issues from the 2011/12 audit.

The key messages were as follows:-

KPMG issued an unqualified value for money conclusion for 2011/12 meaning that the proper arrangements for securing economy, efficiency and effectiveness in the use of resources were in place.

KPMG issued an unqualified opinion on the accounts on 28th September, 2012 and that the accounts gave a true and fair view of the financial affairs of the Council and of the income and expenditure recorded during the year.

KPMG had investigated the objections to the 2009/2010 and 2010/11 accounts relating to penalty charge notices and had concluded that they would not seek a declaration that 'item of account was unlawful' and would not issue a report in the public interest.

Resolved – That the report be noted.

23. TREASURY MANAGEMENT SECOND QUARTER REPORT 2012/13

The Deputy Chief Executive submitted a report that provided the Committee with an update of the Treasury Management activities during the second quarter of 2011/12.

The Council had received twelve distributions amounting to £3.20 million in relation to the £4 million deposited with Heritable Bank. The latest estimate was that at least 88% of the deposit would be repaid.

The report informed the Committee that the Executive Cabinet Member Leader's Portfolio had agreed that, owing to the relatively small number of available counterparties and the current level of investments, the limit for the part nationalised banks (i.e. Bank of Scotland, Royal Bank of Scotland, National Westminster Bank and Lloyds Bank) be increased from £10million to £15million.

Resolved – That the Committee notes the report and the increase in the investment limit from £10million to £15million for Bank of Scotland, Royal Bank of Scotland, National

Westminster Bank and Lloyds Bank and the removal of Close Brothers from the counterparty list.

24. INTERNAL AUDIT INTERIM REPORT 2012/13

The Head of Internal Audit and Risk submitted a report that informed the Audit Committee of the work undertaken by the Internal Audit Section to September, 2012 and the level of assurance gained.

The report concluded that on the basis of the work carried out by internal audit and the records made available The Head of Internal Audit and Risk was of the opinion that overall the internal control environment of the authority was adequate and effective and there were no significant areas which needed bringing to the Committee's attention.

Resolved – That the report be noted.

25. PROTECTING THE PUBLIC PURSE 2012

The Deputy Chief Executive submitted a report that Informed the Committee of the publication of "Protecting the Public Purse 2012" by the Audit Commission and Bolton's response to it.

The Council had acknowledged the impact on the current economic climate in its Annual Governance Statements for 2010/11 and 2011/12 and put in place plans to identify and negate any risks. These included the following:

- Completion of fraud risk assessment across all activities of the Council.
- Review of Anti-Fraud Policy including response to the Bribery Act
- Awareness and training
- Continued participation in National Fraud Initiative
- Revised procedures for verifying Single Person Discounts for Council Tax.
- Development of investigative software within Internal Audit.

The report identified emerging fraud risk areas for 2012 as follows:-

- Business rate fraud
- Right to Buy frauds
- Social Fund and Local Welfare Assistance
- Local Council Tax Support
- Fraud against schools
- Grants

The document included a number of recommendations for councils, registered housing providers and the Department for Communities and Local Government. The recommendations relating to councils were included at Appendix A. Bolton already met many of these and would be actively pursuing the others. Progress against these recommendations would be brought back to the Committee for consideration.

The report concluded that Protecting the Public Purse 2012 provided useful information on the detection of fraud in local government. It provided indications as to the size of the issue, good practice guidance from a range of authorities, progress in 2011 and markers to future issues.

Bolton had long had an Anti-Fraud and Corruption Policy which included the Council's approach and details of procedures should fraud or corruption be suspected. The Council was involved in the Audit Commission NFI programme.

Resolved – (i) That the content of Protecting the Public Purse 2012, together with Bolton's position be noted;

(ii) That a report be submitted to a future meeting of this Committee outlining the implications of the Government's new Single Fraud Investigation Service for the Authority; and

(iii) That information be sought, where possible, regarding fraudulent activities within Bolton which are controlled by the various agencies and provided to members.

26. IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

The Head of Internal Audit and Risk submitted a report that informed the Audit Committee of the progress with the implementation of Internal Audit recommendations made between July and December 2011.

The report concluded that progress with implementing recommendations was progressing well and of the recommendations still outstanding most were due to changes in circumstances or delays due to system changes or reviews.

Resolved – That the progress of the implementation of internal audit recommendations be noted.

27. INTERNAL AUDIT REPORTS SEPTEMBER TO DECEMBER 2012

The Head of Internal Audit and Risk submitted a report that informed the Committee of the reports issued by internal audit between September, 2012 and December, 2012.

The appendix to the report also included a summary of the recommendations, together with the audit opinion.

It was reported that there were no substantial areas for concern.

Resolved – That the report be noted.

28. AUDIT COMMITTEE WORK PROGRAMME

The Deputy Chief Executive submitted a report that detailed the Committee's work programme for the period March, 2013 to March, 2014.

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Resolved – That the work programme be noted.

(The meeting started at 10.00 a.m. and finished at 10.55 a.m.)