

AUDIT COMMITTEE

MEETING, 27TH SEPTEMBER, 2013

Present – Councillors Ayub, A. Connell, I. Ibrahim, Kay and Morgan.

Also in attendance

Ms. S. Johnson	-	Assistant Director of Information Technology and Finance
Ms. R. Tanner	-	Assistant Director Care Management and Provider
Mr. D. Smith	-	Policy Accountant
Mr. J. Midlane	-	Head of Internal Audit and Risk
Mrs B. Newman	-	Chief Accountant
Mr M. Connor	-	Policy Accountant (Tax and Treasury)
Mr. T. Cutler	-	KPMG
Mr D. Jones	-	KPMG
Mrs V. Ridge	-	Deputy Democratic Services Manager

Apologies for absence were submitted on behalf of Councillors Greenhalgh and G. Harkin.

13. APPOINTMENT OF CHAIRMAN

Resolved – That Councillor I. Ibrahim be appointed Chairman of this Committee for the purposes of this meeting only.

Councillor I. Ibrahim here took the Chair

14. MINUTES

The minutes of the proceedings of the meeting held on 28th June 2013 were submitted and signed as a correct record.

15. REPORT TO THOSE CHARGED WITH GOVERNANCE

Representatives of KPMG submitted a report that summarised the key issues identified during their audit of the Council's financial statement for the year ended 31st March, 2013 and an assessment of the Authority's arrangements to secure value for money in its use of resources.

The report was structured as follows:

Section 2 summarised the headline messages;

Section 3 set out the key findings from KPMG's audit work in relation to the 2012/13 financial statements; and

Section 4 outlined the key findings from KPMG's work on the VFM conclusion.

Recommendations were included in Appendix 1 and the report also reviewed progress in implementing prior year recommendations and which was detailed in Appendix 2. KPMG anticipated issuing an unqualified opinion by 30th September, 2013.

KPMG's audit identified a total of three audit adjustments which had been adjusted by the Authority.

Resolved – That the report be noted.

16. STATEMENT OF ACCOUNTS 2012/13

Further to minute 9 of the last meeting the Deputy Chief Executive submitted the 2012/13 Statement of Accounts following submission for audit.

Members were requested to:-

- Review the Statement of Accounts
- Comment on any issues identified
- Approve the Statement of Accounts.

Resolved – That the 2012/13 Statement of Accounts be approved and that the thanks of the Committee be expressed to those officers involved in its production.

17. ANNUAL GOVERNANCE STATEMENT 2012/13

The Deputy Chief Executive submitted the draft Annual Governance Statement (AGS) 2012/13.

The AGS Management Group considered the evidence from the review process and the group agreed that there were no significant areas for improvement that warranted inclusion in the 2012/13 AGS. However the group did highlight the huge amount of change that was taking place in response to the savings and efficiency agenda in 2013/14 and beyond and the need to take account of governance issues when taking these decisions.

Resolved – That the Annual Governance Statement 2012/13 be approved.

18. INTERNAL AUDIT REPORTS JULY 2013 TO SEPTEMBER, 2013

The Head of Internal Audit and Risk submitted a report that informed the Committee of the reports issued by internal audit between July, 2013 to September, 2013.

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.

19. DIRECT PAYMENT SYSTEM AND PROCESSES

Further to Minute 4 of the last meeting, the Assistant Director Care Management and Provider submitted a report that provided the Committee with an update regarding the systems and processes to financially administer direct payments and the increased demand.

It was explained that Adult services offered personal budgets in line with the national policy direction for Personalisation. Systems were in place to enable service users with eligible needs to have the opportunity to take a direct payment to arrange the services themselves fully through a 'Direct Payment' (DP) or in part through a mixed package of a 'Managed account' and a 'Direct payment'.

The establishment of Direct Payment's was the role of the Social Work Assessors and Direct Payment officers. The Children's and Adults Services Finance Team undertook the financial roles in relation to setting up and maintaining direct payments which included explaining to service users and / or their representatives how direct payments operated, in financial terms and the required financial monitoring arrangements. Direct Payment recipients had the choice of either using an agency to deliver services which met their care needs or employing staff themselves. Where service users employed their own staff, the Council had a contract with the Cheshire Centre for Independent Living to provide payroll services on behalf of the clients.

Following the internal audit report of May 2012 a number of steps were established within the customer pathway to ensure that there were appropriate checks and balances regarding the

DP cost, set up and senior management authorisation and oversight.

There was a robust audit process for all direct payments that was undertaken by the Adults Finance team to ascertain whether the funds were spent appropriately, that the service user contributions were made in the DP account and recoup or address where funds were under spent or overcommitted.

Areas where the service was undertaking further work were set out as follows;

- undertaking a review/redesign of the systems and process, roles and functions;
- consideration of the impact of national minimum rate of pay on personal budgets;
- consideration of an agreement to share information with other bodies investigating fraud;
- on-going training for staff in how to set up Direct Payments; and
- consideration of implication to enforce DP contracts to minimise risk of misuse and non-return of funds.

Resolved – That the report be noted.

20. TREASURY MANAGEMENT QUARTER ONE MONITORING REPORT 2013/14

The Deputy Chief Executive submitted a report that provided the Committee with details regarding the treasury management activity during the first quarter of 2013/14 and the associated Prudential Indicators for the first quarter of 2013/14.

It was reported that The Co-operative Bank was reduced to “junk” status in May by one of the credit rating agencies. The Council had one fixed term deposit of £1.5 million with the Co-operative Bank which matured in August 2013. The situation would be closely monitored as the Co-operative Bank was also the Council's banker. Until the credit rating improved no further deposits would be placed with the Co-operative Bank.

Up to 30th June, 2013 the Council had received thirteen distributions amounting to £3.13 million in relation to the £4 million deposited with Heritable Bank. The latest estimate was that at least 90% of the deposit would be repaid.

Up to 30th June 2013 the Council had received three distributions amounting to £1.06 million in relation to the £ 2 million deposited with Landsbanki.

Resolved – That the report be noted.

21. AUDIT COMMITTEE WORK PROGRAMME

The Deputy Chief Executive submitted a report that detailed the Committee's work programme for the period December, 2013 to March, 2015.

Resolved – That the work programme be noted

(The meeting started at 10.00 a.m. and finished at 10.30 a.m.)