

# DECISIONS OF THE AUDIT COMMITTEE

21 SEPTEMBER 2010

COMMITTEE:

\*Councillor Monroe Palmer OBE, BA, FCA (Chairman)

\*Councillor Tom Davey (Vice-Chairman)

Councillors:

\* Alex Brodkin                      \* Sury Khatri BSc (Hons), MSc    \* Andreas Tambourides  
\* Geof Cooke                        \* Graham Old

Independent Members:

\* Richard Harbord    \* Debra Lewis

\*denotes Member present

## 1. WELCOME OF NEW INDEPENDENT MEMBERS

The Chairman welcomed the new independent members who had been appointed to the Committee, Ms Debra Lewis and Mr Richard Harbord.

## 2. MINUTES:

RESOLVED – That the decisions of the meeting held on 21 June 2010 be approved as a correct record.

## 3. ABSENCE OF MEMBERS:

All Members were present.

## 4. DECLARATIONS OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS:

There were no interests declared.

## 5. PUBLIC QUESTION TIME:

Mr John Dix had submitted two public questions, which were answered by the Chairman at the meeting.

### Question 1

In relation to item 9 on the agenda and issues raised in the external auditors report on the One Barnet Programme:

How has the One Barnet programme been able to make cost commitments of several million pounds without having developed and agreed a business case that incorporates:

- the planned benefits and outcomes of the programme;
- the estimated cost of the programme;
- overall timescales of the programme, including key anticipated milestones; and
- a high level risk profile.

Why has it taken the external auditor to flag up these deficiencies; shouldn't this have been flagged up by internal review or scrutiny processes ; and

Why have the programme managers failed to communicate with the residents of Barnet on the details of the One Barnet programme.

**Answer**

The questions put me in a difficult situation, as I cannot answer for the Executive. The Audit Committee's role is to provide independent assurance of the adequacy of the risk management framework and associated control environment. The Committee does not have responsibility for delivery of either the One Barnet Programme or Members IT equipment. The item is on the Agenda for tonight's meeting and further questions will be asked by members of the Committee and the questions will be answered by officers during discussion of the Agenda item.

**Supplementary Question 1**

On 16 July 2010, just 9 weeks ago, a Council Delegated Powers Report stated: *"The One Barnet programme office currently has no formal management or leadership, leading to a lack of joined up working between the projects sitting under the One Barnet programme, a lack of formal leadership and a lack of robust systems for budget and performance management, monitoring and reporting to the One Barnet Programme Board. Appointing a skilled Programme Manager to manage delivery of the One Barnet Programme would mitigate this and allow for more effective joined up working, rigour, budgetary control and consistency across the range of One Barnet projects"*.

Why did it take until mid July to agree to appoint a programme manager when the One Barnet Programme office was approved in February and is this indicative of the lack of forward planning we see highlighted in the Grant Thornton report?

**Answer**

Officers will answer the question during discussion of the Agenda item.

**Question 2**

In relation to item 13 on the agenda in relation to the Contract for the provision of Councillors new IT equipment:

Did anyone undertake an assessment of what Councillors need when considering computer replacements, why did the council choose tablets instead of standard laptops given that tablets are significantly more expensive than laptops (typically 50% + more expensive). Do the committee feel that a proper procurement process was undertaken when only one manufacturer (HP) was specified?

**Answer**

This item is on the Agenda for this meeting because I requested that it be placed on the Agenda as I had some concerns largely to do with the software. In response to the concerns, the Head of Information Systems has advised that this is standardised London Borough of Barnet equipment for mobile workers across the Council, comprising a tablet PC (with pen functionality for writing on the screen), docking station, screen and keyboard. The new equipment is sourced to support more flexible working. It has the following advantages:

- i. Smaller form factor
- ii. Less weight
- iii. Longer battery life
- iv. Screens are improved and give less strain on the eyes
- v. Standardised on HP tablet PCs to make any failures easier and quicker to resolve and spares will be readily available.
- vi. Reduced support cost to the Council / more efficient use of support resource
- vii. Higher specification than the previous equipment – in terms of

processor, memory and HDD – this will increase the speed and functionality over the previous machine.

Your questions and my concerns will be addressed in more detail by officers during discussion of the Agenda item.

**Supplementary Question 2**

Given that the specified tablet computers have small screens (12.1”) and no CD or DVD drive necessitating the purchase of separate 19” monitors and docking stations, do councillors believe that these tablet computers will significantly enhance their productivity compared to a standard laptop costing half the price?

**Answer**

Officers will answer the question during discussion of the Agenda item.

**6. MEMBERS’ ITEMS (Agenda Item 5):**

There were no Members’ Items.

**7. PRESENTATION - EXTERNAL AUDIT PROGRESS REPORT: SEPTEMBER 2010 (Agenda Item 6)**

Members received a briefing on the External Audit Progress Report September 2010 from Paul Winrow, Paul Hughes and Hanisha Solanki of Grant Thornton LLP. The presentation covered the 2009/10 accounts audit, International Financial Reporting Standards (IFRS), Value for Money conclusion 2009/10, Grant claims and returns certification, Audit Plan 2010/11 and the Secretary of State’s recent announcement on the disbanding of the Audit Commission.

**8. INTERNAL AUDIT PROGRESS REPORT (Report of the Interim Assistant Director Audit and Risk Management – Agenda Item 7)**

The Interim Assistant Director Audit and Risk Management introduced the report.

RESOLVED –

1. That the contents of the report and the actions being taken to address the deficiencies be noted.
2. That where an audit had a limited assurance, the report to the Committee to include greater details of the issues leading to the audit opinion

**9. ANNUAL GOVERNANCE STATEMENT (Report of the Director of Corporate Governance – Agenda Item 12)**

The Director of Corporate Governance introduced the report. He explained that the most significant change to the Annual Governance Statement was the inclusion of a section on Corporate Anti Fraud Team (CAFT). The Director of Corporate Governance advised that the External Auditors have commented at paragraph 2.9 of the “Annual Report to those charged with Governance 2009/10” (Appendix to Agenda Item 8). The Committee noted the omission of the last page to the report, which included a certification paragraph at the end and a signature box.

RESOLVED – That the Annual Governance Statement be approved for inclusion with the Statement of Accounts for 2009/10.

**10. EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2009/10 (Report of the Deputy Chief Executive and Chief Finance Officer – Agenda Item 8)**

The Deputy Chief Executive introduced the report. He highlighted that when the accounts were prepared in June 2010, the results of the contractual dispute with Catalyst had not been received. The result of the arbitration has now been received and will need to be reflected. He also advised that there was an error in the draft accounts on interest for Housing Revenue Account (HRA).

Paul Hughes of Grant Thornton LLP presented the Annual Report to those charged with Governance 2009/10 and the Statement of Accounts and explained that it was important for the Committee to note the unreported unadjusted misstatements not included in the report.

RESOLVED –

1. That the matters raised by the external auditor relating to detailed aspects of the 2009/10 accounts, including the pension accounts, audit be noted.
2. That the officer response to matters raised by the external auditor be noted.

**11. ONE BARNET: REVIEW OF GOVERNANCE ARRANGEMENTS (Report of the Interim Assistant Director, Commercial Services – Agenda Item 9)**

Paul Winrow of Grant Thornton LLP introduced the report. He explained that the External Auditors recommendations were contained in Action Plan (Appendix A to the report). He also stated that the Audit Committee's function was to examine what the risks are and an assurance of what was going on. The implementation of the Programme was an Executive function. The Deputy Chief Executive stated that he welcomed the review and its recommendations. He explained that targets have been set to produce the business case by mid October 2010. This will be discussed at various forums including One Barnet Programme Board, Cabinet Resources Committee and Audit Committee.

The Committee made an additional recommendation as reflected in (3) below.

RESOLVED –

1. That the report of the External Auditors and the Council's Action Plan in response to their findings be noted.
2. That the Deputy Chief Executive and the One Barnet Programme Manager reports back to the next meeting of the Committee on progress against the Action Plan.
3. That the relevant Cabinet Member, the Cabinet Member for Customer Access and Partnerships, be requested to attend the next meeting of the Committee.

**12. CARBON REDUCTION COMMITMENT (Report of the Assistant Director of Finance – Agenda Item 10)**

The Chairman explained that this item was placed on the Agenda, as it was an item raised by Councillor Davey, the Vice-Chairman of the Committee. Councillor Davey expressed that the report clarified the issues raised.

RESOLVED – That the contents of the report be noted.

**13. GRANT - HIGHER EDUCATION FUNDING COUNCIL OF ENGLAND (Report of the Deputy Chief Executive/ Chief Finance Officer – Agenda Item 11)**

The Chairman stated that the item is on the Agenda for this meeting because he had requested that it be placed on the Agenda. The Committee made an additional recommendation as reflected in (2) below.

RESOLVED –

1. That the report regarding the Higher Education Funding Grant be noted.
2. That Officers ensure that monitoring systems are in place especially during periods of change.

**14. CONTRACT FOR THE PROVISION OF COUNCILLORS NEW IT EQUIPMENT (Report of the Director of Commercial Services – Agenda Item 13)**

The Head of Information Systems introduced the report. Criticism was raised as to why encryption had been delayed and licenses had not been acquired for IT equipment used by Councillors.

The Head of Information Systems explained that the Council had had to accelerate the programme of installing encryption on mobile devices following the data loss incident earlier in the year. The result of which was that although full disk encryption was installed and operational on the new IT equipment issued to Councillors, the Council had run out of licenses and a warning box to this effect was being displayed. The Head of Information Systems further explained that additional licenses were being purchased to rectify the situation

RESOLVED – That the contents of the report be noted.

**15. MOTION TO EXCLUDE THE PRESS AND PUBLIC:**

RESOLVED – That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs of Part 1 of Schedule 12A of the Act (as amended) shown in respect of the item:

<b>Agenda Item</b>	<b>Subject</b>	<b>Exemption category</b>
X1	Contract for the provision of Councillors new IT equipment	Paragraph 3 of Schedule 12A

**16. CONTRACT FOR THE PROVISION OF COUNCILLORS NEW IT EQUIPMENT (Report of the Director of Commercial Services – Agenda Item X1)**

RESOLVED – That the exempt information be noted.

**17. VOTE OF THANKS**

It being the last meeting of Richard King, the Interim Assistant Director Audit and Risk Management, the Chairman thanked Richard for his services to the Council and to the Audit Committee.

Richard thanked the members of the Committee and the officers for the support that he had received from them.

The meeting closed at 9.52pm