

Audit and Risk Management and Mr Paul Hughes of Grant Thornton LLP on the powers and responsibilities of Audit Committee.

The presentation and questions and answers covered the following:

- Audit Committees are not mandatory in local government but it is considered good governance to have one.
- Audit role is distinct from Scrutiny and Executive roles.
- The Council's Constitution sets out the Audit Committee's roles and responsibilities.
- In private public limited companies, the Board makes decisions and it is only the Audit Committee/Board that scrutinises the decisions however in local government there are other committees who have a role in this, for example Scrutiny Committees and then Audit Committee.
- Audit Committee's role is to provide independent assurance of the adequacy of the risk management framework and the associated control environment and also to obtain reasonable assurances on areas of concerns and that the frameworks within the Council are working properly.
- Audit Committee may look at past and current non-financial performance to the extent of getting assurances that adequate controls have been put in place to minimise the risk of it happening in the future.

7. PRESENTATION - EXTERNAL AUDIT PROGRESS REPORT (Agenda Item 7)

Members received a briefing on the External Audit Progress Report September 2010 from Mr Paul Hughes of Grant Thornton LLP. Mr Hughes advised that Grant Thornton will be presenting at the meeting their 2009/10 Use of Resources (value for Money) report, which sets out their main conclusions, recommendations and action plan. They will also be presenting the Annual Audit Letter 2009/10, which marks the completion of the main audit.

As part of Grant Thornton's 2010/11 audit, they have performed a review of data conversion arrangements at the Council as part of the implementation of the OpenRevenues system. The Audit Commission has published information on the new approach to local Value for Money work following cessation of Comprehensive Area Assessment (CAA). Grant Thornton LLP will continue to give a conclusion on whether the Council has proper arrangements for financial resilience and for securing Value for Money in accordance with their statutory responsibility under the Code of Audit Practice.

8. ONE BARNET UPDATE (Report of the Director, Commercial Services – Agenda Item 8)

The Director, Commercial Services introduced the report. Councillor Robert Rams, the Cabinet Member for Customer Access and Partnerships, who had been invited to attend the meeting, and the Director, Commercial Services answered questions put to them by Members of the Committee.

The Director, Commercial Services stated that Cabinet on 29 November 2010 considered and approved a report on One Barnet Framework. He advised that a direction for travel for the framework has now been set, however, as a transformation programme, it will develop and change. The Committee noted that the Grant Thornton report had indicated that what the Council was doing was

adequate and asked for clarification on what adequate meant in this case. Mr Hughes of Grant Thornton explained that adequate in audit terminology is akin to a score of two in the old use of resources regime, which means that it meets expectations. The Assistant Director of Finance, Audit and Risk Management concurred with this view that the Council had all of its processes in place and met expectations of good practice.

The Committee asked whether the business plan was aligned to the medium term financial plan of the Council and the Director, Commercial Services confirmed that it was. The Committee also asked if any new risks had been identified and the Director, Commercial Services advised that there were some emerging risks around information management, who holds data and how it is shared with other sectors and these risks were being managed. The Committee asked whether a nine year outlook beyond Year 3 on the estimated financial benefits on phase 1 of the project was realistic. The Director, Commercial Services confirmed that, in his opinion, it was appropriate to use a nine year period for this purpose.

Councillor Robert Rams informed the Committee that he will oversee the project and work closely with his Cabinet colleagues with regards to areas under their various portfolios.

The Committee agreed that the Audit Committee will be looking at the risk management issues and seeking assurances that the framework takes account of adequate risk management. The Assistant Director of Finance, Audit and Risk Management confirmed that both the Internal Audit and External Audit plans are based on the key corporate risks of the Council, for which the One Barnet programme is included within, and as such the Committee will be receiving assurances throughout the year on various audits undertaken.

RESOLVED – That the Committee notes the actions and plans of the One Barnet Programme to address Grant Thornton recommendations on the governance of the programme.

9. INTERNAL AUDIT PROGRESS REPORT (Report of the Assistant Director of Finance, Audit and Risk Management – Agenda Item 9)

The Assistant Director of Finance, Audit and Risk Management introduced the report. She stated that the report covered the period from 31 July 2010 to 31 October 2010. She advised that over this period, of the eight completed audits, all but two audits have been graded at satisfactory assurance – these were Risk Management (2009/10 Audit Plan) and Independent Provider Performance of Building Resilience and Supporting Independence (BRSI) (2010-11 Internal Audit Plan) – Children’s Service. Details of these audits were provided to the Committee in line with their previous decisions.

The Committee sought clarification regarding the conversion of the Revenues and Benefits system and whether there were lessons to be learnt about project management. The Assistant Director of Finance, Audit and Risk Management confirmed that the project had not failed it was just a reflection of the corporate risks being managed on a daily basis given the possible consequences if the supplier did not meet the deadlines as agreed with the Council.

RESOLVED – That the Committee note the contents of the report and the actions being taken to address the deficiencies.

10. DATA PROTECTION AUDIT (Report of the Director of Corporate Governance – Agenda Item 10)

The Director of Corporate Governance/Monitoring Officer and the Governance and Service Development Manager introduced the report. Mr Hugh Fenwick, SOLACE consultant, who had conducted the independent investigation into the data loss incident at the Council earlier in the year, also spoke on that aspect. Mr Fenwick stated that the Council's initial response to the incident was prompt and first class. He stated that he made a number of recommendations in his report but the key points were the encryption of laptops, the importance of severely restricting the use of removable media and staff training. The Council had responded well in those key areas. The Committee indicated its expectation that in future, prior to progress on implementation of action plans arising from an audit, an early report should be submitted to the Committee on the findings of the audit.

RESOLVED – That the Information Commissioner's Office (ICO) Data Protection Audit Report and the Council's Action Plan be approved.

11. INTERIM REPORT OF THE CORPORATE ANTI FRAUD TEAM (CAFT) 2010 (Report of the Acting Corporate Anti Fraud Team Manager and the Director of Corporate Governance – Agenda Item 11)

The Acting Corporate Anti Fraud Team Manager introduced the report.

RESOLVED – That the contents of the Corporate Anti Fraud Team's Interim Report for 2010/11 be noted.

12. PERSONAL BUDGETS - EXTERNAL AUDIT REPORT (Report of the Assistant Director of Finance, Audit and Risk Management – Agenda Item 12)

Mr Paul Hughes of Grant Thornton LLP introduced the report. The Acting Head of Transformation (Adult Social Services) stated that Adult Social Services welcomed the audit and noted that there were a few areas where they could improve. He stated that actions had been put in place immediately to address the recommendations made in the report.

RESOLVED – That the contents of the Personal Budgets – External Audit Report and the actions being taken to address the deficiencies be noted.

13. USE OF RESOURCES REPORT AND ACTION PLAN (Report of the Deputy Chief Executive & Chief Finance Officer – Agenda Item 13)

The Head of Performance introduced the report.

RESOLVED –

1. That the Use of Resources (UoR) action plan contained at page 16 of Appendix A to the report, and produced in response to the 2010 external audit by Grant Thornton be noted.
2. That a follow up report on progress against the action plan be submitted to the June 2011 meeting of the Committee.

14. ACCOUNTING POLICIES UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Report of the Deputy Chief Executive & Chief Finance Officer – Agenda Item 14)

The Assistant Director Financial Services introduced the report.

RESOLVED – That the accounting policies being adopted under Internal Financial Reporting Standards (IFRS) be noted.

15. ANNUAL AUDIT LETTER 2009/10 (Report of the Report of the Deputy Chief Executive & Chief Finance Officer – Agenda Item 15)

Mr Paul Hughes of Grant Thornton LLP introduced the report.

RESOLVED – That the External Auditors Annual Audit Letter for 2009/10 be accepted as a reasonable statement on the Council's position in respect to financial standing, and financial and performance management arrangements.

The meeting closed at 9.44pm