

ITEM 4

Time Commenced: 6.00pm
Time Finished: 8.25pm

AUDIT AND ACCOUNTS COMMITTEE 2 APRIL 2009

Present: Councillor Roberts – Chair
Councillors Allen, Graves, Harwood, Holmes, Jackson, Troup and Willoughby

59/08 Apologies for Absence

There were no apologies.

60/08 Late Items

There were no late items.

61/08 Declarations of Interest

There were no declarations of interest.

62/08 Minutes

The minutes of the meeting held on 4 February 2009 were agreed as a correct record and signed by the Chair.

External Audit

63/08 Annual Audit and Inspection Letter

The Committee considered the Annual Audit and Inspection letter presented by Beverley Parker which summarised the inspection work undertaken by the Audit Commission and the Council's external auditors, Grant Thornton.

Resolved to note the Annual Audit and Inspection Letter 2007/08.

Updates

64/08 Progress and Performance of the Derbyroads Partnership

The Committee considered a report which set out the progress and performance of the Derbyroads Partnership since the Audit and Accounts Committee meeting on 4 December 2008.

Christine Durrant Assistant Director Highways and Transport also gave a presentation on the Derbyroads Partnership Contract. This included an improvement plan and the transformational route map.

The Committee was particularly concerned about the backlog in road and footway repairs and the associated costs.

Resolved

- 1. To note the current situation with regards to the Derbyroads Partnership.**
- 2. To request an update on the backlog of road repairs together with a revised estimate of the costs of the repairs.**

65/08 Contract Procedure Rules – Non Compliance in
Regeneration and Community

The Committee noted that 3 or 4 consortia were being appointed to provide a framework to procure consultancy and agency worker support and it was anticipated that this would be in place by 1 June 2009.

Resolved to request a further report in due course.

Items requested by the Audit and Accounts Committee

66/08 Concessionary Fares

The Committee received an oral update on concessionary fares. Under the old scheme the Council's share of the cost of the scheme was 28% but under the new national scheme the Council's share was 36%.

It was anticipated that the Council's funding shortfall from the Government for the national scheme in 2009/10 could be £2.5m, based on the volume of bus journeys. Nothing could be done to alleviate this but senior civil servants had agreed to look at the funding for 2010/11 to try and make it more equitable.

Resolved to pursue every avenue to get a more equitable deal.

67/08 IT Security – Virus Infection

The Committee considered a report which stated that on 4 February 2009 the Council's network was infected by the Conficker.b virus. The original infection occurred in one of the libraries, almost certainly through the use of an infected

USB memory stick. This then infected one of the servers which initiated the user account attacks. The Council's anti-virus settings did detect and remove the infection, but its aggressive replication methods meant it was able to attack machines that were fully patched and protected, along with infecting machines that were not fully protected.

The report set out actions being taken, lessons learnt and future actions/governance.

Resolved

- 1. To note the report and future actions and recommendations.**
- 2. To request a report on desktop refresh at the appropriate time.**

68/08 Payroll Cash Advances Fraud

The Committee considered a report which stated that the Head of Employee Payments and Taxation was checking the supporting documentation to a cheque she had been asked to sign when she noticed that her signature on a payment request form to authorise a gratuity payment had been forged. A subsequent check on the signatures on the form showed that all 3 had been forged. The officer who had signed for collecting the cash was interviewed and he admitted taking the cash. The Head of Employee Payments and Taxation referred the theft to the Head of Audit and Risk Management for investigation. Details of the investigation were set out in the report.

Resolved to note the report and agree to receive an update report on the progress against the action plan in six months.

Called In Audits

69/08 Parking Enforcement

The Committee considered a report which stated that at its meeting on 4 December 2008 the Committee considered recently finalised internal audit reports. One of the reports was on Parking Enforcement where Internal Audit had rated the control environment as 'marginal' and because members were concerned over the issue of the security arrangements at Saxon House reception the report had been 'called in'.

Christine Durrant, David Gartside, Neil Palfreyman and Mikk Campbell attended the meeting to answer any questions the Committee had.

It was reported that a secure drawer was being installed for cash but that the recommendation to install barriers was not considered to be appropriate as an open environment was considered the most suitable to encourage customers to be pleasant. The Committee was very concerned that staff should not be put at risk and staff safety should be paramount.

Resolved to recommend that a health and safety risk assessment be carried out and consider all options available including the possibility of becoming cashless and report back.

Accounts

70/08 International Financial Reporting Standards

The Committee considered a report which stated that from 2010/11 local authorities would be required to prepare their accounts in line with International Financial Reporting Standards – IFRS. As comparative information for 2009/10 was required, this would mean that the transition to IFRS would begin on 1 April 2009 and we would therefore need to produce an IFRS compliant opening balance sheet at 1 April 2009.

The report gave details of the effect of moving to IFRS.

Resolved

- 1. To note that from 2010/11 the statutory requirement to prepare the Council's Accounts in line with Financial reporting Standards – IFRS – and in accordance with the CIPFA IFRS based Code of Practice.**
- 2. To note the progress made in preparation for IFRS implementation within the prescribed timescales.**

71/08 External Audit Action Plan Progress – 2007/08 Accounts

The Committee considered a report which provided an update on progress made against the agreed action plans following both the Interim and Final Accounts audits in 2007/08. The action plan was reported to this Committee in September 2008. Details of the progress made was set out in the report.

Resolved to note the progress made against the agreed action plan following last year's external audit report.

Performance Issues

72/08 Data Quality

The Committee considered a report which stated that the Council had a duty to maintain adequate data quality standards to ensure performance reporting at all levels was accurate and robust. The arrangements were subject to annual review by the external auditors, which in 2007/08 were assessed as performing well. In April 2008, the Audit and Accounts Committee approved a Data Quality Policy which set out roles, responsibilities and standards for data collation, use and reporting. An action plan was created to improve data quality arrangements.

Resolved to note the progress in achieving the data quality action plan.

Items Referred from Council Cabinet

73/08 Contract Waivers

The Committee considered a report and minute extract from Council Cabinet held on 17 March 2009. The Committee was concerned about the number of Contract Waivers which were being agreed by Council Cabinet.

Resolved

- 1. To recommend Council Cabinet to use waivers as an exception rather than the rule.**
- 2. To recommend that Cabinet Members are included in the training on the new contract procedure rules.**

Internal Audit and Governance

74/08 Internal Audit Progress Report

The Committee considered a report which summarised the internal audit work completed in the period from 1 November 2008 to 28 February 2009.

Resolved to note the activity and performance of Internal Audit in the period 1 November 2008 to 28 February 2009.

75/08 Governance Update

The Committee considered a report which gave an update on several governance issues that had been reported through to Committee in the past 12 months.

Resolved to note the report.

76/08 Cost of Fraud

The Committee considered a report which outlined how much fraud and the associated investigations were costing the Council.

Resolved

- 1. To note the report.**
- 2. To request regular updates on initiatives being used to raise fraud awareness throughout the Council.**

77/08 Internal Audit Planning

The Committee considered a report which proposed changing the internal audit planning year from 1 April - 31 March to 1 June - 31 May to better align with the Council's risk management cycle and Audit and Accounts Committee appointments.

Resolved to approve the proposed change to the 2009/10 internal audit planning period from 1 April - 31 March to 1 June - 31 May to better align with the Council's risk management cycle and Audit and Accounts Committee appointments.

78/08 Exclusion of the Press and Public

To consider a resolution to exclude the press and public during consideration of the following items:

“that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following items on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”

79/08 Internal Audit – Completed Audit Investigations

The Committee considered a report summarising internal audit investigations completed in the period from 1 November 2008 to 28 February 2009.

Resolved to note the report on Internal Audit activity in relation to investigations completed between 1 November 2008 and 28 February 2009.

MINUTES END