

## COMMISSION FOR LOCAL ADMINISTRATION IN ENGLAND

### Minutes of the meeting of the Audit Committee held at Millbank Tower, Millbank, London, SW1P 4QP on 12 December 2006 at 11.00 am

**Present:** Chris Swinson (Chair), Tony Redmond, Jerry White, Anne Seex, Ann Abraham, Nigel Karney, Neville Jones, Neil Hobbs, Stephen Jones, Andrew Lovett, Richard Weighell, Chris Wicks

**Apologies:** Peter MacMahon, Mick King

#### Review of Internal Audit

Chris Swinson informed the internal and external auditors that discussions had been taking place about new arrangements for internal audit.

#### Minutes – 11 July 2006

The minutes were confirmed as an accurate record subject to one amendment:

##### **Pension Fund FRS17 Report**

“Tony Redmond stated that the Commission was concerned about the current situation regarding the pension fund deficit as it is also has longer term consequences in budget terms.”

#### Matters Arising

##### **a. Internal Audit Programme 2006/07**

It was noted that Tony Redmond had met with Kate Sayer to discuss the new arrangements. He informed Kate Sayer that he did not envisage that there would be any further work for Sayer Vincent but he would keep her informed of any developments once the review of internal audit had been carried out.

##### **b. NAO**

Chris Swinson informed the meeting that a number of issues had arisen following this exercise and agreed to provide Andrew Lovett with a copy of the findings.

##### **c. Risk Register**

It was noted that past discussions have been reflected in the revised document which was a later item on the agenda.

## External Audit

Andrew Lovett stated that there was a good working relationship between Baker Tilly and the Commission as well as between Baker Tilly and PKF.

## Internal Audit

Richard Weighell informed the meeting that the PKF reports had been restyled in response to the feedback provided by the Audit Committee.

### a. Business Continuity

Chris Wicks highlighted the main issues within the report and stated that the current process had been adequate but could be enhanced; the findings to improve the process have already been set in place.

Nigel Karney stated that an exercise takes place annually in order to improve the plan and learn from omissions / mistakes. Chris Wicks attended the exercise which was held in the York office this year as an observer.

Anne Seex stated that the Commission needed to adopt proper exit procedures for staff so that all records were kept up to date. Furthermore, there was a need to expedite supplying staff with identity cards.

Chris Swinson stated that the appropriate IT arrangements set in place were not accurately documented within the plan and this omission needed to be rectified.

Neil Hobbs stated that staff had no or little knowledge of the business continuity plan and it was important for them to be aware of some of the arrangements in place.

### b. Risk Management Audit

Chris Wicks said the summary identified that the processes were adequate though a bit complicated. Furthermore, one concern which emerged was that the plan was not embedded as part of the day to day activities of the Commission. He suggested that a two page document be produced which set out the Commission's approach to the risk management strategy which Nigel Karney agreed to draft.

Following further discussion it was agreed that the paper be deferred and a risk management half day workshop be organised in the new year which will be an open debate to discuss the Commission's strategy and management response to the strategy.

**Action: A risk management workshop be organised for the new year.**

**c. Internal Audit Plan Update**

Chris Wicks stated that the document provided an overview in respect of the plan and identified the progress anticipated.

Chris Swinson suggested that a report on the work undertaken in supporting current projects would be useful.

Tony Redmond stated that staff were to be significantly engaged in the production of the next Business Plan and it would be useful in having assistance from Chris Wicks in identifying ways in which this might be achieved.

Andrew Lovett informed the meeting that Baker Tilly had a specific interest in the financial systems and the wider control environment of the Commission.

It was agreed that further discussion should take place on the work required.

**Action: Nigel Karney to discuss progress of the plan with Chris Wicks and report back to the next meeting.**

**Annual Report on the performance of major contractors**

Stephen Jones introduced the annual report and highlighted the following points:

Estates Agency Services – there has been a heavy spend associated with the refurbishment of the 10<sup>th</sup> floor.

Lambert Smith Hampton – there has been less work this year though substantial work will take place in the Coventry office due to the Access and Advice Service.

Most of the work with regards to property is undertaken internally as knowledge is adequate in this area. However, legal advisers are brought in when necessary.

**Losses and Special Payments: 1 July to 30 November 2006**

The special payments put forward were approved by the committee.

**Waiving of Financial Regulations**

The items, as reported, were approved by the committee.

**Risk Register Update**

Nigel Karney introduced the document and thanked Jerry White for his assistance in drafting the revised version. He had assessed the impact on each of the elements and identified the controls set in place.

Ann Abraham stated that clarity on the risk owners role should be constantly reviewed and they should report back on the current status and controls.

Tony Redmond agreed that each risk needs to be identified for an individual senior manager to control but this could be discussed at the workshop due to take place in the new year.

### **Any Other Business**

#### **a. Internal Audit Days**

It was agreed that Tony Redmond would meet with Richard Weighell and Chris Wicks to discuss the use of additional audit days and share this information with members of the committee.

### **Date of next meeting**

10.30 am on Tuesday 27 March 2006 at MBT.