



Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Committee Room 1, East Pallant House on Thursday, 12 March 2015 at 9.30 am

**Members Present:** Mrs P M Tull (Chairman), Mrs C M M Apel, Mr B Finch and Mr G H Hicks

**Members not present:** Mr A J French, Mr M J Bell, Mr J L Cherry, Mr A P Dignum, Mrs P A Hardwick and Mr R M J Marshall

**In attendance by invitation:** Mr P King (Ernst & Young LLP) and Mr S Mathers (Ernst & Young LLP)

**Officers present all items:** Mr J Ward (Head of Finance and Governance Services), Mrs C Dring (Benefits Manager), Mr S James (Principal Auditor), Mrs T Murphy (Parking Services Manager), Mrs J Hotchkiss (Head of Commercial Services), Ms C Hakes (Museum & Tourist Information Point Manager) and Mrs B Jones (Principal Scrutiny Officer)

**230 Chairman's Announcements**

Apologies had been received from Mr Marshall, Mr Bell, Mrs Hardwick, Mr Dignum, Mr French and Mr Cherry.

**231 Approval of Minutes**

The minutes of the meeting held on 22 January 2015 were agreed as a correct record.

**232 Urgent items**

There were no urgent items.

**233 Declarations of Interest**

There were no declarations of interests.

**234 Public Question Time**

There were no public questions submitted.

235 **Audit Plan 2014/15, Audit Plan Progress and Local Government Sector Briefing - Ernst & Young LLP**

Mr King and Mr Mathers from Ernst & Young LLP (EY) presented the reports responding to questions as follows:

- Mr Mathers expanded on the comment on page 11 regarding reliance on the work of internal audit wherever possible. There would be no change with the relationship with Internal Audit (IA), which will normally test all internal controls annually. EY will rely on that work wherever possible, not duplicate any effort.
- EY use Audit Commission best practice data showing levels of spend across all local authorities, focusing on near neighbours and looking at the wider context of the data. Will consider high levels of spend in certain areas, income levels and the picture overall.
- The proposal to close the accounts earlier was being discussed with the Finance team who were reviewing financial statements in order to declutter these and considering the relevance of all disclosures and planning the use of estimates to close down accounts expediently. The focus should be to carry out more controlled work during the year to allow a reduction of work at year end. The new timescale would be in effect for the 2017/18 accounts so would allow two years of dry runs.
- The cause of the housing benefit subsidy claim was acknowledged to be human error, rather than processes. Mr Ward confirmed that staff training had been put in place with testing by team leaders and reports had now been initiated from the system.

**RESOLVED**

That the Annual Audit Plan 2015/16 and Audit Plan Progress 2014/15 reports be noted.

236 **Internal Audit - Audit Plan Progress**

Mrs Hotchkiss and Ms Hakes gave an update on the progress achieved in reconciling income and expenditure at the Novium. Structures and systems had now been put in place. An electronic point of sale system is used and old stock was being sold off. A new system of invoicing had been implemented alongside the new marketing initiatives.

Mrs Murphy gave a thorough update on the progress achieved with the Car Parks income reconciliation. There were numerous new initiatives arising from the wholesale review carried out in the last two years. The Council was working with West Sussex County Council to procure an electronic system which would allow more streamlined co-accounting. The risk of fraud was driven down by encouraging more card payment and less cash dealt with.

Mr James gave an overview of progress in Chichester Contract Services. There was an issue with green waste and trade waste invoicing and reconciliation. The range of services being provided and the lack of an intelligent database had compounded matters. The new Bartec module, which relates to Trade Waste, was due to be

implemented in June 2015. It is now anticipated that the system will go live in September 2015. An officer had been seconded to the service for 12 months to carry out an improvement review, which would pick up income reconciliation.

Mr James gave an update on the audit plan proposals and progress achieved.

**RESOLVED**

1. That the Income Management oral reports be noted.
2. That the 2015/16 Audit Plan be noted.
3. That the 2014/15 Audit Plan progress report be noted.

237 **Work Programme 2015/16**

It was requested that an audit report giving details of the outstanding monies owed to the Council by Coinco be provided to the committee in June 2015.

**RESOLVED**

That the 2015/16 work programme be agreed.

The meeting ended at 11.00 am

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CHAIRMAN

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Date: