

23 JUNE 2015

ANNUAL REPORT OF THE AUDIT COMMITTEE – AUDIT COMMITTEE 2014/15

1. Purpose

This report summarises the work and achievements of the Audit Committee for the council year 2014-15. Its first aim is to give new councillors and councillors with limited experience of the Audit Committee an overview of the committee, but also allows members of the committee and officers to reflect on the year's activity, as well as reporting back to the residents of Milton Keynes, who the committee ultimately serves.

It highlights both the standard items of business considered by the committee (as part of the annual cycle) and key one-off items which have been scrutinized.

2. Committee Membership

The councillor membership of the Audit Committee has been Councillors McDonald (Chair), M. Burke, S. Burke, Hosking, Cannon (Vice-Chair), Gifford, and White (Vice-Chair).

The Audit Committee also consisted of 2 independent members Imtiaz Farookhi and Beverly Cole (appointed in the year).

3. Review of Meetings

The Committee met 6 times during the year; 5 substantial meetings and the formal meeting to appoint the chair / vice-chairs following the council's AGM. All minutes and agendas are on the council's website, and every item has been heard in public session over the year (other than one item on comparative fraud in councils).

5 External Standards

A self assessment review undertaken in April 2015 using CIPFA's (Chartered Institute for Public Finance and Accountancy) checklist for assessing conformance with the PSIAS (Public Sector Internal Audit Standards) has confirmed the Audit Committee complies with the requirements set out in the standard.

6 Recurring Items

6.1 Annual Accounts

The Audit Committee has delegated responsibility for approving the council's accounts; in many authorities this is a function of full council. The accounts this year included group accounts (including details for the 2 wholly owned LLPs – Milton Keynes Service Partnership and Milton Keynes Development Partnership.) Our accounts are now audited by Ernst and Young, who were able to issue an

unqualified opinion (no material issues of accuracy).

6.2 The Annual Governance Statement (AGS)

This was again reviewed by a cross-party working group which secured the political buy-in for the AGS and associated action plan. Quarterly updates were considered throughout the year, focusing on individual areas of specific concern to the Committee rather than trying to cover everything at once. The 2013/14 Annual Governance statement was closed but with 4 items carried forward to 2014/15 statement which will be reviewed in June 2015. Those items carried forward relate to the code of Corporate Governance, working with Partners, contract management and post implementation benefits realisation.

6.3 Internal Audit Progress Updates

The committee has received regular updates on the progress against the Internal Audit Plan at each meeting, including key findings where Weak/Limited opinions have been issued. Where specific issues have been raised to the committee more than once, we have asked the relevant officers to attend the committee to explain how they are addressing the issues raised. The committee asked for five service areas to attend the committee. These were Taxi Licensing, Troubled families, Personal education centres, Car Parking and Adult social care payments.

6.4 Annual Approvals

The committee has approved the Internal Audit Charter and Strategy this year, as well as approving the internal audit plan for 2015-16, considering the Risk Management & Business Continuity Strategy, Local Government Ombudsmen's Annual Review, Whistleblowing and Anti Fraud Annual Review, Contract Procedure Rules, and annual Internal and Anti Fraud Audit report.

7 Significant one-off items

7.1 Highways contract

The Committee invited the Service area responsible for the new Highways contract to present a review of the first year of this £10m to £20m annual contract. This was to be followed up by an audit, taking into account members questions, following the presentation. This was attended by a member of the internal audit team responsible for the subsequent audit.

7.2 Materials Recycling facility

The Committee invited the Service area responsible for the new Residual Waste Treatment Facility to present a review of the project to date. This project will cost in the region of £130m. This was to be followed up by an audit, taking into account members questions, following the presentation. This was attended by a member of the internal audit team responsible for the subsequent audit.

7.3 Taxi Licensing Investigation.

This was the most significant item heard by Committee and occupied most of the November 2014 meeting. This item had received a lot of media attention and related to the granting of Taxi Licenses. I must thank all officers involved and particularly Lynda Baker and Dino Imbimbo.

8. Acknowledgements

I'd like to thank all the members who have served on the Committee this year. Audit papers are rarely the shortest or easiest to read through but the attention to detail and quality of challenge has been consistently high. I'm particularly grateful to Peter Canon and Brian White for their support and in particular for attending pre-meetings on a regular basis to assist with agenda setting.

I'm also grateful to the core team of officers who have supported and guided the committee over the year. Lynda Baker as Head of Internal Audit, Dino Imbimbo who has managed the committee with organizational flair, Stephen Gerrard who has ensured that we've met our statutory responsibilities throughout, and Tim Hannam who has guided us through all the financial issues we have encountered.

Peter McDonald, May 2015