

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 4 July 2012 commencing at 2.00 pm and finishing at 4.55 pm

**Present:**

**Voting Members:** Councillor David Wilmshurst – in the Chair  
Councillor Charles Mathew (Deputy Chairman)  
Councillor Roz Smith  
Councillor Jim Couchman  
Councillor Ray Jelf  
Councillor John Sanders (In place of Councillor Roy Darke)  
Councillor Larry Sanders  
Councillor C.H. Shouler  
Councillor Lawrie Stratford  
Dr Geoff Jones

**Other Members in Attendance:** Councillor Kieron Mallon, Cabinet Member for Police & Policies

**By Invitation:** M. Grindley & M. Fetigan, Audit Commission

**Officers:**

Whole of meeting S. Scane, Assistant Chief Executive & Chief Finance Officer; I. Dyson, Chief Internal Auditor; P. Clark, County Solicitor & Monitoring Officer; G. Malcolm, Committee Officer

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
6	S. McHale, County Procurement Manager
9	H. Doney, Financial Manager-Treasury Management
10	S. Skivington, Corporate Finance Manager
11	K. Wilcox, Principal Financial Manager

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.*

### 1/12 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apology from	Substitute
Councillor Roy Darke	Councillor John Sanders

**2/12 MINUTES**  
(Agenda No. 3)

The Minutes of the meetings held on 8 May 2012 (AG3(a)) and 15 May 2012 (AG3(b)) were approved and signed.

**3/12 AUDIT COMMISSION - PROGRESS REPORT**  
(Agenda No. 5)

The Audit Commission officers reported that their audit was on target. There were no concerns or significant risks to bring to the Committee's attention.

They gave an assurance that the Commission was working closely with Ernst & Young towards a seamless changeover.

**RESOLVED:** to note the update.

**4/12 AUDIT WORKING GROUP - 21 JUNE 2012**  
(Agenda No. 6)

The Committee considered a report (AG6) which summarised the main business items arising at the most recent meeting of the Audit Working Group (AWG) on 21 June 2012, which were as follows:

Named members to deputise;  
Internal Audit Report  
Draft Annual Scrutiny Report  
Draft Annual Governance Statement  
Risk management  
Roles Update (SAP)  
Work Programme

(It was noted that the Environment & Economy Risk Management paper which had been circulated on 3 July 2012 under the Audit Working Group arrangements would be raised at the September 2012 AWG.)

**RESOLVED:** to

a) note the report;

b) appoint substitutes to deputise on the AWG when required, as follows:

Councillor Jelf for Councillor Wilmshurst;  
Councillor Shouler for Councillor Mathew;  
Councillor Darke (subject to consent) for Councillor Roz Smith;

c) receive a report detailing the process from which the Audit & Governance Committee can get assurance that external inspection reports are being properly considered and actioned; and

- d) receive an update at the September Committee regarding the timing of Committee consideration of the full report produced by Zurich on the conclusion of the health check review on risk management.

## **5/12 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2011/12**

(Agenda No. 7)

Mr Dyson, Chief Internal Auditor presented the Internal Audit Services Annual report 2011/12 (AG7).

The annual report summarised the Internal Audit activity in 2011/12, and in accordance with the requirements of the Accounts and Audit Regulations 2011 and the CIPFA Code of Practice for Internal Audit in Local Government 2006 gave an opinion on the council's system of internal control. This opinion was part of the assurance framework used to inform the Annual Governance Statement. The Committee was pleased to note that customer satisfaction was very good.

**RESOLVED:** to adopt the report.

## **6/12 INTERNAL AUDIT PLAN - 2012/13 PROGRESS REPORT AND QUARTER 2 PLAN**

(Agenda No. 8)

Mr Dyson introduced the 2012/13 update against Quarter 1 Internal Audit Plan and the 2012/13 Quarter 2 Internal Audit Plan, which were summarised in Appendices 1 & 2 to the report (AG8). He also reported the current position on the recruitment of a Principle Auditor.

**RESOLVED:** to approve the report.

## **7/12 TREASURY MANAGEMENT 2011/12 OUTTURN**

(Agenda No. 9)

Ms Doney introduced the report (AG9) which set out the Treasury Management activity undertaken in the financial year 2011/12 in compliance with the CIPFA Code of Practice prior to its submission to Cabinet on 17 July 2012. It included Debt and Investment activity, Prudential Indicator Outturn, changes in Strategy and interest receivable and payable for the financial year. She then responded to members' questions and comments on the Strategy for 2011/12 and Treasury Management activity. There were no comments on the report to Cabinet arising from debate.

Ms Doney and team were thanked for the clear report and their work.

**RESOLVED:** to note the report to Cabinet.

## **8/12 STATEMENT OF ACCOUNTS 2011/12**

(Agenda No. 10)

The Committee considered a report (AG10) which presented the 2011/12 Statement of Accounts. The Accounts and Audit Regulations 2011 required the Assistant Chief

Executive and Chief Finance Officer to sign the Statement of Accounts no later than 30 June, and certify that they gave a true and fair view of the County Council's position. This report presented the accounts certified by the Chief Finance Officer to the Audit & Governance Committee for information, before the start of the public inspection period and the commencement of the audit. The Audit Committee would consider and approve the accounts at its meeting on 19 September, when the findings of the audit would be available.

Ms Skivington presented the 2011/12 Statement of Accounts (set out at Annex 1 to the report) and the overview of the financial position of the Council at 31 March 2012 which was contained in the explanatory foreword. She drew members' attention to the changes to the Statement of Accounts, the local Government Pension Fund Accounts and the Summary Accounts (set out at Annex 2 to the report. She then clarified some points raised by members including heritage assets and critical judgements in applying accounting policies.

Ms Skivington was thanked for her presentation.

**RESOLVED:** to note

- a) the Statement of Accounts for 2011/12 to be submitted to the auditor; and
- b) the Summary Accounts 2011/12.

## **9/12 ANNUAL GOVERNANCE STATEMENT 2011/12**

(Agenda No. 11)

The County Council had approved and adopted a code of corporate governance, which was consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. Corporate governance was the framework of accountability to users, stakeholders and the wider community, within which organisations took decisions, and lead and controlled their functions, to achieve their objectives. The quality of corporate governance arrangements was a key determinant of the quality of services provided by organisations.

The Committee considered the Statement (AG11) which explained how the County Council had complied with the Code in 2011/12 and also met the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement. For the first time, and consistent with the requirements of the Code of Practice on Local Authority Accounting 2011/12 this included a specific statement on whether the authority's financial management arrangements conformed with the governance arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). As well as setting out current governance arrangements, the Statement included an update on actions identified at the end of 2010/11 and new actions to be followed up in 2012/13.

Mr Clark, Solicitor to the Council & Monitoring Officer gave a short overview and drew members' attention to the progress report on the Action Plan 2010/11. He thanked Ms Wilcox for her work on Statement.

**RESOLVED:** to approve the Annual Governance Statement 2011/2012 subject:

- at page 301, Action column, 5<sup>th</sup> bullet point to the addition of the words 'Vendors and' between the words 'Duplicate' and 'Payments'; and
- to the County Solicitor & Monitoring Officer, following consultation with the Leader of the Council, Chief Executive and Section 151 Officer, making any necessary amendments in the light of comments made by the Committee.

## **10/12 DISPENSATIONS - MEMBERS' INTERESTS**

(Agenda No. 12)

At the meeting of Council on 15 May, it was agreed that the terms of reference of this Committee be widened to include certain responsibilities previously undertaken by the Standards Committee. One of these is the responsibility "to grant dispensations to councillors and co-opted members from requirements relating to interests set out in the code of conduct for members".

The Committee considered a report (AG12) which set out potential arrangements for dealing with such instances and which were consistent with both the Council's code of conduct for members and the Localism Act 2011 (and associated regulations). Mr Clark reminded members of the background to the changes and the potential arrangements in the context of the Localism Act 2011.

**RESOLVED:** (nem. con.) to

- (a) note the changes outlined in the report to the regime for granting dispensations to members and co-opted members with disclosable pecuniary interests; and
- (b) delegate to the Monitoring Officer consideration of requests for dispensation occurring within the circumstances at paragraphs 7(a), (b) and (d) in the report, namely:

that so many members of the decision making body have disclosable pecuniary interests in a matter that it would "impede the transaction of the business"; or

that, without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the likely outcome of any vote on the matter; or

that, without the dispensation, no member of the Cabinet would be able to participate on this matter;

with a subsequent right of appeal to this Committee.

## **11/12 AUDIT COMMITTEE WORK PROGRAMME 2012/13**

(Agenda No. 13)

The Committee reviewed its Work Programme (AG13).

.....

**RESOLVED:** to adopt the Work Programme noting that the 'Other Matter – AWG5 Draft Annual Governance Statement' would be for the September 2012 AWG.

..... in the Chair

Date of signing 200