

AUDIT COMMITTEE

MINUTES of the meeting held on Wednesday, 16 November 2011 commencing at 11.00 am and finishing at 2.10 pm

Present:

Voting Members: Councillor David Wilmshurst – in the Chair

Councillor Charles Mathew (Deputy Chairman)
Councillor Alan Armitage
Councillor Tony Crabbe
Councillor Roy Darke
Councillor A.M. Lovatt
Councillor Larry Sanders
Councillor C.H. Shouler
Councillor Lawrie Stratford

**Non-voting
Co-optees:** Dr Geoff Jones

**Other Members in
Attendance:** Councillor Jim Couchman, Cabinet Member for Finance
& Property
Councillor David Robertson, Deputy Leader of the
Council (for Agenda Item 9)

By Invitation: Mary Fetigan & Maria Grindley, Audit Commission

Officers:

Whole of meeting L. Baxter, P. Clark, I. Dyson, G. Malcolm

Part of meeting

Agenda Item **Officer Attending**
7 C. Phillips, B. Dimmock-Smith

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.

51/11 **MINUTES** (Agenda No. 3)

The Minutes of the meeting held on 21 September 2011 (AU3) were approved and signed subject at Minute 44/11, line 3 to the deletion of “ ‘s” and substitution of “Committee’s”.

52/11 AUDIT COMMISSION

(Agenda No. 5)

Ms. Grindley introduced the Audit Commission's Annual Audit letter 2010/11 (AU5) and highlighted the key points. It was a very positive report. The Commission had issued an unqualified opinion on the financial statements for 2010/11 and commented that the overall quality of the accounts, working papers and officer support for the audit was particularly good. In relation to value for money, the Council had adequate arrangements for securing economy, efficiency and effectiveness in the use of resources and the Commission was satisfied that there were proper arrangements in place for securing financial resilience, given the heightened financial pressures, and for challenging how value for money was secured. The 2011/12 Opinion Audit Plan for the Council and Pension Fund was scheduled for Committee consideration on 18 January 2012.

Members commended the staff concerned, in particular for their excellent work in preparing for the implementation of the new International Financial Reporting Standards.

Audit Commission Progress Report: Ms. Grindley confirmed that the timetable for the Audit Commission Outsourcing was on course as shown at Minute 45/11 of the Committee's 21 September 2011 meeting.

RESOLVED: to note the overall position and thank the Audit Commission for an exceptional report and their work with the Finance Team, whose officers were also congratulated and thanked.

53/11 AUDIT WORKING GROUP - 3 NOVEMBER 2011

(Agenda No. 6)

The Committee considered a report (AU6) which summarised the matters arising at the most recent meeting of the Audit Working Group (AWG), and included three recommendations. In particular, the report highlighted potential changes to the Corporate Governance Framework which had been considered by the Working Group and which the Committee was asked to approve. One proposed change was the potential removal of 'Partnerships' as a corporate process with the consequent implication that there would, in future, be no corporate lead assurance statement. Other changes were more minor and related largely to changes in post titles. The proposed revisions were highlighted Appendix 2 to the report.

Internal Audit – Emerging Issues (action to update the Schools Financial Manual of Guidance - page 2 of the report): the Chairman informed the Committee that he had received and was satisfied with the response from the officer responsible.

RESOLVED:

- a) that the informal development session prior to the Committee's meeting on 18 January 2012 should be a briefing on the Adult Information System (AIS) project;

- b) to approve the revised Corporate Governance Assurance Framework; and
- c) cancel the AWG 5 January 2012.

54/11 RISK MANAGEMENT ANNUAL REVIEW

(Agenda No. 7)

The Committee considered the Risk Management Annual Review (AU7) which summarised progress in this area since October 2010. It also provided an outline of the way ahead for the coming 12 months. Progress was reported against the key work streams and improvement plan. An assessment of the new assurance process for risk management was provided. It also set out the planned approach to risk management for the coming year and key milestones for activity.

Ms Phillips and Ms Dimmock-Smith introduced the paper, pointing out key changes. They outlined the work with directorates and confirmed that there were regular meetings with the Chairman, who was the Council's Member Champion for Risk. Risk Management progress reports were included in the Audit Working Group work programme for discussion.

The Committee supported the risk assurance process arrangements set out at paragraphs 8&9. The Chairman agreed to speak to officers about a suggestion that it might be useful to broaden out the need for further training in risk awareness from all new members of the Committee, to all councillors.

RESOLVED: to

- (a) note the progress to date; and
- (b) thank Ms Dimmock-Smith for her past work; her successor on Risk Management, Ms Phillips was welcomed.

55/11 TREASURY MANAGEMENT MID TERM REVIEW 2011-12

(Agenda No. 8)

The Committee considered a report to Cabinet (AU8) which set out the Treasury Management activity undertaken in the first half of the financial year in compliance with the CIPFA Code of Practice. It included Debt and Investment activity, an update on Prudential Indicators, changes in Strategy, any Breaches of approved Strategy and a forecast of interest receivable and payable in the financial year.

Councillor Couchman informed the Committee that the Cabinet on 15 November 2011 had noted the report and recommended Council to note the Council's Mid Term Treasury Management Review 2011/12. He thanked the Treasury Management Team for all their efforts during a difficult financial period.

During debate Councillor Mathew undertook to liaise with Finance officers following the conclusion of the meeting regarding further information on paragraphs 28-reimbursement from Icelandic deposits, and 37-the budget for interest receivable.

RESOLVED: to

(a) receive the Review; and

(b) thank the Chief Finance Officer and Ms Baxter for their work and report.

56/11 ANNUAL GOVERNANCE STATEMENT - ACTION PLAN PROGRESS

(Agenda No. 9)

The Monitoring Officer presented the Annual Report (AU9) and outlined the key matters in the Action Plan set out in the Appendix. The 2010/11 Annual Governance Statement and action plan for 2011/12 had been approved by the Audit Committee in July 2011. He confirmed that progress against the action plan was monitored by the Corporate Governance Assurance Group, and reported to the Audit Working Group. (Due to the full agenda for the November Audit Working Group, the update was instead being presented to the Audit Committee to note progress made.)

RESOLVED: to note the report and progress.

57/11 AUDIT COMMITTEE INVOLVEMENT WITH THE SCRUTINY FUNCTION

(Agenda No. 10)

At the last meeting the Committee asked for clarification as to the involvement of the Audit Committee in the Council's scrutiny function.

The Committee considered a report (AU10) which outlined the complementary nature of the scrutiny function and audit function.

The Committee discussed a potential way forward for means of closer liaison and bringing greater clarity to the respective roles.

In noting that the Council would be considering the Constitutional Review in December 2011, the Committee expressed the view that the Audit Committee's terms of reference should make explicitly clear that the Committee had the ability to raise issues with the Strategy & Partnerships Scrutiny Committee, or any other relevant scrutiny committee, as appropriate.

RESOLVED: to ask the Chairman of the Strategy & Partnerships Scrutiny Committee, on behalf of the scrutiny committees, to bring and present to this Committee each year the draft Scrutiny Committees' Annual Report to Council.

58/11 BUSINESS STRATEGY

(Agenda No. 11)

The Assistant Chief Executive & Chief Finance Officer updated the Committee on key matters in the Financial Monitoring and Business Strategy Delivery Report (CA6) which had been considered by the Cabinet on 15 November 2011, focusing on the

delivery of the Directorate Business Strategies which were agreed as part of the Service and Resource Planning Process for 2011/12 – 2015/16. These formed part of the forecast position for each Directorate. Parts 1 and 2 included projections for revenue, reserves and balances as at the end of September 2011. The Capital monitoring was included at Part 3. Fees and Charges were included in Part 4.

The Cabinet had noted the report and approved the virements as set out in Annex 2a and the change to the Capital Programme as set out in annex 9c; agreed the bad debt write off as set out in paragraph 40; and approved the proposed charge of £10 for the issuing of each Disabled Parking Permit as set out in Part 4 to be effective from 1 January 2012.

Some pressures/uncertainties were identified, including government intentions around academies funding, increasing energy costs, pension changes and implications of the Localism Act and the Dilnot Commission Report on Social Care. Government consultation on the draft Settlement was expected by December 2011.

RESOLVED: to note the report and thank Ms. Scane.

59/11 AUDIT COMMITTEE WORK PROGRAMME - REVIEW / UPDATE

(Agenda No. 12)

The Committee considered its Work Programme (AU12).

RESOLVED: to agree the Work Programme subject to:

- noting that there would be no AWG report on 18 January 2012 (in the light of the cancellation of the AWG meeting scheduled for 5 January 2012);
- amending the entry for Scrutiny in accordance with the Committee’s decision at item 10 above; and
- the heading ‘Other Matters’ be changed to ‘Standing Items’ in future.

..... in the Chair

Date of signing