

Audit Committee

Wednesday, 29th September, 2010
6.00 - 7.40 pm

Attendees	
Councillors:	Paul Massey (Chairman), Colin Hay, Rowena Hay and Paul Wheeldon
Also in attendance:	Sara Freckleton (Borough Solicitor), Jane Griffiths (Assistant Chief Executive), Rob Milford (Audit Partnership Manager), Ian Pennington (KPMG), Mark Sheldon (Chief Finance Officer) and Rachael Tonkin (KPMG)

Minutes

1. APOLOGIES

Councillors Wall and MacDonald.

2. DECLARATIONS OF INTEREST

None declared.

3. MINUTES

The minutes of the last meeting had been circulated with the agenda.

The Chairman highlighted some items that were to be added to the work plan but as yet, had not. Officers agreed that these would be added accordingly.

Upon being put to the vote it was unanimously

RESOLVED that the minutes of the meeting held on 23 June 2010 be accepted and signed as an accurate record.

4. PUBLIC QUESTIONS

None received.

5. MONITORING ACTION PLANS APPROVED BY THE COUNCIL

The Borough Solicitor introduced the report as circulated with the agenda. She explained that Council had delegated responsibility to the Audit Committee to monitor the implementation of the action plans. This was the second report for consideration.

The table in Appendix 1 indicated the progress made to date to implement the agreed actions and she was pleased to report that significant progress had been made to complete the action plan on target.

There were two main elements to the action plan, the first, a guidance note. At the last meeting, the committee were advised that the guidance note had been developed and was now in operation.

The second was the review of the Constitution. The Constitution Working Group had met, and, as a result of changes in circumstances since March 2010, would be reporting to Council recommending deferral of the comprehensive review. Members and the Senior Leadership Team had been consulted on various aspects of the Constitution and the role of the Staff and Support Services Committee. In respect of the requirements of the approved action plan, the Working Group would report to Staff and Support Services Committee in October and Council in December as originally intended. Therefore, the Audit Committee could be assured that the action plan would be implemented, notwithstanding the recommendation to defer the comprehensive review.

The following responses were given to questions from members;

- Those actions due for completion on the 30 September were on target.
- The report, on recommended changes to the Constitution, would go to Staff and Support Services in October and then on to Council in December.
- The new Committee administration system was in operation but due to resource issues within Democratic Services, only in part. Decisions could not yet be tracked and discussions were ongoing as to when this would be possible. Officers were aware that this was a priority.
- Page 18 / recommendation 20 re; addressing the skills gap. Analysis of trained staff was ongoing but future plans would need to be confirmed by HR and circulated outside of the meeting.
- Page 27 / recommendation 9 re; ongoing access to medical records. This would be concluded by the target date (30 September) and whilst worth exploring, the answer was that the Council was not permitted ongoing access. A request would need to be made on each occasion.
- Page 28 / recommendation 12 re; Employees code of conduct. The Council's Employee Code of Conduct outlined actions to be taken by Officers if they had a personal interest, but did not specifically include requirements relating to prejudicial interests. The Standards Committee would be looking at this further.

In closing, the Chairman welcomed the major thrust of work that was coming to fruition and looked forward to it being concluded at the next meeting.

6. CORPORATE GOVERNANCE GROUP

The Chairman introduced the information paper and as there were no recommendations, invited questions from members of the committee.

There were no member questions.

7. ANNUAL STATEMENT OF ACCOUNTS 2009-10

The Chief Finance Officer introduced the covering report as circulated with the agenda. He advised members that there had been no changes to the figures, though two notes had been received from KPMG, a copy of which was

circulated to members (Appendix 1). Other than the two notes, the accounts were as they were back in June.

Ian Pennington introduced his colleague Rachael Tonkin and the KPMG report. He took the opportunity to congratulate the Officers involved in putting the accounts together, commenting that they were exceptional. These were not accurate by luck but due to effective processes and dedicated staff. The supporting papers had also been of a good standard and Officer responses to questions were efficient and effective.

The KPMG Auditors then highlighted certain points contained within the report. Some specific points included;

- There had only been one potential audit adjustment identified of £133,700 but given its small size relative to the accounts it had not justified amending all of the figures.
- No further changes had been identified following the revised CIPFA.
- The IFRS would be reviewed in the Autumn rather than waiting for this same time next year.
- KPMG had not yet followed up the interim recommendations but this would be reviewed as part of their planning for next year.
- The last bullet point to the right of page 13 was an important one. Last year KPMG had, had to raise some exceptions, however this year CBC had been clean on both parts.

In closing, Ian Pennington advised that if the committee were happy, he would look to the Chairman and the Chief Finance Officer to sign the accounts.

The following responses were given to questions from members;

- CBC were recycling more than just paper but this was not being monitored formally. Whilst KPMG had highlighted this as a risk, no cost or benefits had been outlined.
- The Environmental Audit was being drafted and a waste review was planned. The recycling issue would be picked up in one or the other of the two reports and could then be formally passed to the Environment Overview and Scrutiny Committee.
- The Audit Commission would cease to exist under the new Government but they were specifying that next years audit would concentrate on financial resilience for use of resources.

The Chief Finance Officer amended recommendation 2 to include 'sign the amended accounts and'.

Upon being put to the vote it was unanimously

RESOLVED that;

- 1. The report of the council's auditors (Appendix 2), KPMG, be adopted and the actions arising be noted.**

2. The Chair of the Audit Committee (Councillor Massey) be delegated to sign the amended accounts and report back to Council on the conclusion of the audit.

Councillor C Hay felt that a thank you to the Officers involved in putting the accounts together, be posted on the intranet.

8. INTERNAL AUDIT MONITORING REPORT

The Audit Partnership Manager introduced the report as circulated with the agenda.

The report, the first that had been produced for the Audit Committee, was designed to give members of the committee the opportunity to comment on the work completed by the partnership and provide year round assurances on the control environment. This would ensure that there were no surprises for the committee at the time of the Annual Internal Audit Opinion.

He pulled out some key points from within the report and then invited questions from members of the committee.

The following responses were given to questions from members;

- Whilst there were some risks that were specific to CBC, where possible duplication was avoided, shared learning undertaken and best practice adopted. There were however, certain things that were confidential and as such could not be shared across the partnership. There were also some localised differences but attempts were being made to drive these out, which would generate savings.
- There would have been less detail in the monitoring report, had there been higher assurances. The lower the assurance the more information provided.
- If members would prefer the information set out in a similar style to that of the KPMG report (landscape, table) then this was how it would be presented in the future.
- Internal Audit were clear from the outset about their role on various project groups and what they would and wouldn't do. They monitored progress and gave a steer when needed, keeping enough distance that their objectivity and independence was maintained.
- Procedure manuals were specific to the implementation of the GO Programme in April 2012, but the single point failures would be addressed, rather than waiting for GO.
- The monitoring reports would continue throughout the year and members would be made aware of any improving or concerning situations.
- It was impossible to predict how the situation could change over the course of the year and what the assurance opinion could be at the end of the year.

The Chairman thanked the Audit Partnership Manager for the report and welcomed its addition to the work plan.

**9. AUDIT PARTNERSHIP - BUSINESS CASE TO EXTEND THE PARTNERSHIP
Local Government Act 1972 – Exempt Information**

RESOLVED that in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda item as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members if the public are present there will be disclosed to them exempt information as defined in paragraphs 1, 3 and 5, Part 1, Schedule 12A Local Government Act 1972, namely;

Paragraph 4; Information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the Authority.

10. WORK PROGRAMME

The Assistant Chief Executive referred Members to the two updated and slightly different versions of the work plan circulated at the start of the meeting. She apologised for any confusion, both contained the same items, one had slightly more information and they would be merged and circulated outside of the meeting.

Councillor C Hay was concerned that the Corporate Risk Register did not feature on the work plan, suggesting that this could be a standing item, given Cabinet were now reviewing it on a quarterly basis.

The Chairman reminded members that it was not for this committee to look at the issue and assume a scrutiny role, though he was in favour of regular reports which would offer an overview. He agreed that this would be added to the work plan as a standing item.

Project guidance would be added to the agenda for the next meeting (12 January), as a separate agenda item, rather than being contained within the KPMG report on implementation.

The Assistant Chief Executive tabled 'appointment of external auditors' for discussion at a future meeting. It was felt that this committee should recommend the process for appointment of external auditors.

Ian Pennington of KPMG advised members that a letter had been published on the Audit Commission's website, which outlined their thoughts on this matter.

The Assistant Chief Executive highlighted the number of issues tabled for discussion at the next meeting and suggested that a decision would need to be made at the next Chair's Briefing as to which items would feature on the agenda.

**11. ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND
REQUIRES A DECISION**

There was no other business.

12. DATE OF NEXT MEETING

The next meeting was scheduled for Wednesday 12 January 2011.

Paul Massey
Chairman