

## Audit Committee

Wednesday, 21st September, 2011  
6.00 - 8.25 pm

Attendees	
<b>Councillors:</b>	Andrew Wall (Chairman), Pat Thornton, Rowena Hay and Paul Wheeldon
<b>Also in attendance:</b>	Sarah Didcote (Group Accountant), Sara Freckleton (Borough Solicitor and Monitoring Officer), Jan Griffiths (Director of Commissioning), Rob Milford (Audit Partnership Manager), Ian Pennington (Director – KPMG), Martyn Scull (Group Accountant), Mark Sheldon (Director of Resources), Rachael Tonkin (Auditor – KPMG) and Shirin Wotherspoon (Corporate Solicitor Manager – One Legal)

## Minutes

### 1. APOLOGIES

Councillors Fisher, Massey and MacDonald had given their apologies. Councillor Thornton was a substitute for Councillor Massey.

### 2. DECLARATIONS OF INTEREST

No interests were declared.

### 3. MINUTES

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

Upon a vote it was unanimously

RESOLVED that the minutes of the meeting held on the 22 June 2011 be agreed and signed as an accurate record.

### 4. PUBLIC QUESTIONS

No public questions were received.

### 5. PROGRESS IN DELIVERING KPMG ACTION PLAN

The Borough Solicitor and Monitoring Officer informed members that both of the approved action plans were now substantially complete.

The action plan had last been reviewed by Audit Committee in April when there was a discussion with regard to monitoring and logging decisions. Whilst the Modern.gov system had a facility to update a decision status this was not widely used by other councils and not cost-effective in terms of the Democratic Services resource that would be needed to monitor decisions. Implementation of decisions was instead the responsibility of Directors and these would be reviewed with members via 1-1s.

In terms of mandatory risk management training the Borough Solicitor and Monitoring Officer reported that the risk management e-learning module had been completed and was loaded on the Learning Gateway. When asked whether there was a log of who had completed the learning the Director Human Resources and Organisational Development explained that the online system did have a reporting facility. Members were surveyed about their skills and learning requirements and they were encouraged to use online learning but it was recognised that there were varying degrees of user competence.

Members requested an information note to be attached to the Audit Committee papers at its next meeting on the outstanding action point (R10).

Having considered the information set out in the Report and Appendices and having monitored the implementation of the action plans Members

### **Resolved**

**That it was satisfied that all specified actions had been fully addressed.**

## **6. REVISED FINANCIAL RULES**

Sarah Didcote, Group Accountant, introduced the item explaining that the draft updated financial rules had been compiled for use in each of the Authorities forming the GO Shared Services, subject to approval by each Council. They had been discussed and agreed in principal by Officers representing the Shared Services (Cheltenham, Cotswold, Forest of Dean and West Oxfordshire), subject to some further consideration of the suggested financial limits, as indicated on the documents.

The draft documents had also been reviewed by members of the Constitution working group, Internal Audit and One-Legal.

The Audit Committee was invited to consider the documents prior to the final revised financial rules being considered by Full Council in October as part of the review of the Constitution.

Members examined the draft financial rules in detail and the main points they raised included :

- Limits and relevant approvals should be consistent throughout the document i.e. above £100k would require Council approval
- For virements up to £5000 the virement level had been removed in order to give more freedom and flexibility to budget holders without the accompanying bureaucracy
- Put a value on the ICT assets and set limits accordingly
- Questioned the 30 day period for all certified accounts for payment to be paid. CBC had signed up to the Prompt Payment Code and most payments were made between 15 and 20 days.
- Certification of purchase invoice as correct for payment-remove percentage and maintain a value instead
- Treat car parking debt the same way as normal debt

When asked whether he was confident with the proposed new set of rules the S151 Officer confirmed that the rules were comprehensive and had been

simplified as far as possible. Changes which had been requested by officers to facilitate more flexibility for budget holders had to a large degree been taken on board and managers were familiar with the rules.

The Group Accountant thanked members for their comments and agreed to propose the changes amongst the other councils and send members the updated version.

## **7. LOCAL AUTHORITY COMPANY (WASTE) GOVERNANCE ARRANGEMENTS**

The Director Commissioning and the Corporate Solicitor Manager, One Legal, gave a presentation on the Local Authority Company which is attached to these minutes for information.

Members noted that there was currently no member input on the board. In response the Director Commissioning stated that having an elected member on the board was currently under discussion following the gateway review. The Articles of Association and the shareholder agreement would be circulated to Audit Committee members for their views.

Members asked what safeguards were in place should the new company not meet its obligations. In response the Director Commissioning confirmed that this would be carried out through performance monitoring.

In terms of the prospect of other councils joining the Company in the future the Corporate Solicitor manager explained that both the articles and the shareholders agreement were robust and on what terms a new council may join the company would be a reserved matter for the two existing shareholder councils.

When asked about the costs involved, the Director Resources explained that the set up costs were shared equally but as CBC would be using more services these operational costs would be shared proportionately.

With regard to monitoring the Director Commissioning explained that as Cotswold District Council currently had a client side manager for their current external waste contract CBC would share this under the new Local Authority Company arrangements.

## **8. REVIEW OF ANNUAL STATEMENT OF ACCOUNTS**

Sarah Didcote, Group Accountant, explained that the accounts were now being presented differently in order to be IFRS compliant.

Martyn Scull, Group Accountant, gave a presentation on the Statement of Accounts which is attached for information.

### **Resolved**

**To approve the Statement of Accounts for 2010/11 at Appendix 14, including the Annual Governance Statement for 2010/11.**

**To authorise the chair of the Audit Committee to sign the Statement of Accounts in order to formally signify the Council's approval of the accounts.**

**9. YEAR END - AUDIT COMMITTEE REPORTING**

Ian Pennington, Director, KPMG, complimented the finance team for a well presented set of accounts and stated that it had been a model audit.

Members congratulated the team for an excellent result.

**10. ENHANCEMENT OF AUDIT PARTNERSHIP GOVERNANCE**

The Audit Partnership Manager explained that the audit partnership governance consisted of a Memorandum of Understanding and supporting secondments and this was only ever intended to be a short term arrangement. This was in order to enable partners to assess if the arrangement across the three authorities could be successfully implemented. The Audit Partnership Board had recognised the benefits that the new partnership had brought and it was now proposed to move to the Section 101 agreement form of governance.

When asked what member input there had been the Audit Partnership Manager stated that Audit Committee and Cabinet had been kept informed throughout the process. Members also asked KPMG to confirm whether they were of the view that the partnership was working well and they replied in the affirmative and explained that they were recommending the AuditCotswold model to their clients wishing to share services.

**Resolved**

To support the recommendation to Cabinet and Council that the Internal Audit Service is delegated to Cotswold District Council under a Section 101 agency agreement.

**11. INTERNAL AUDIT MONITORING REPORT (INCLUDING RECOMMENDATIONS TRACKER UPDATE)**

The Audit Partnership Manager introduced the report which was a standing item on the agenda and which gave the Audit Committee the opportunity to comment on the work completed by the partnership. He highlighted the other work which AuditCotswolds had undertaken beyond the specific audits which included ongoing support for the GO-Programme and the Local Authority Company. Whilst the Local Authority Company was fairly resource intense work on lesser risk audits had not been deferred.

In terms of follow-ups the Audit Partnership Manager highlighted payroll and car parking. Payroll continued to receive only limited assurance. When asked whether the issues behind this were the same as last year, the Director of Human Resources and Organisational Development explained that a cluster of issues remained the problem. They included written procedures with regard to payroll, issues with password security, security regarding holding personnel records and the process for notifying ICT of leavers and new starters. Good progress had been made in terms of fully documented procedures and fixing generic passwords and Members were assured that within GO the limited assurance would be corrected. Resilience in payroll would also be improved upon within GO as CBC would have more access to payroll expertise.

The Audit Partnership Manager confirmed that the issues were being positively addressed.

**Resolved**

To note the report.

**12. WORK PROGRAMME**

Members noted the work programme. The Chair invited Members to contact him directly should they have any agenda items for the next meeting.

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

There were no urgent items for discussion.

**14. DATE OF NEXT MEETING**

The next meeting was scheduled for 11 January 2012.

Andrew Wall  
**Chairman**