

## **AUDIT COMMITTEE**

**TUESDAY, 21 APRIL 2009**

PRESENT:- Councillors Michael Dickinson (Chair), Des Moffatt (Vice-Chair), Steve Allsopp, Eric Shaw and Keith Williams.

Apologies for absence were received from Councillors Mary Martin and Peter Stoddart.

### **46. Declarations of Interest**

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting.

### **47. Member Training - Risk Management**

The Council's Corporate Risk Manager, Alex Bedford, made a presentation to the meeting on the Council's Risk Management Strategy, focussing on the role of the Audit Committee in risk management and providing a "refresher" for members on the principles and purpose of risk management and looking at how risk is currently managed at the Council. A copy of the presentation is attached to the minutes at Appendix 1.

On the conclusion of the presentation, members were given the opportunity to put questions to the Corporate Risk Manager. Issues raised by members included:

- the standardisation of the Council's risk register for projects
- the embedding of risk management within the authority
- the Corporate risk register and the identification of risk
- the availability of "scoring mechanisms" to establish risk ratings
- the balance and level of risk management activity in relation to specific projects and what might be considered the normal "day-today" work of the Council
- ways in which the Audit Committee might assist in the embedding of risk management within the Council's decision making processes

Resolved – (1) That the Corporate Risk Manager be thanked for attending the meeting and for her informative presentation on the Council's approach to risk management.

(2) That, in line with CIPFA guidelines and in order to allow the Committee to continue to monitor the effectiveness of the risk management processes within the Council, it be agreed that the Council's Corporate Risk Register be submitted to the Committee at least annually for inspection and that the Committee continues to receive quarterly Risk Management status reports and Annual Risk Management reports.

### **48. Public Question Time**

No questions were asked under Standing Order 18.

49.

## Minutes

Resolved - That the minutes of the meeting held on 27<sup>th</sup> January 2009 be confirmed and signed.

50.

### Exempt Items - Exclusion of Press and Public

That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below on the grounds that they involve the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

| <u>Item No.</u> | <u>Paragraph No.</u> | <u>Minute No.</u> |
|-----------------|----------------------|-------------------|
| 11, 12 and 13   | 7                    | 55 - 57           |

51.

### External Audit - Annual Audit and Inspection letter

Mr Peter Smith presented the Audit Commission's Annual Audit and Inspection letter 2007/8. Mr Smith summarised the work undertaken by the Audit Commission during the 2007/8 financial year and highlighted the key messages of its assessment of the Council. In response to a question by the Chair regarding the assessment of the Council as a two star authority under the Comprehensive Performance Assessment, despite a number of services being rated 3 or higher out of a total of 4, Mr Smith briefly expanded on the scoring mechanism used, explaining that some elements are deemed to be of greater importance than others in determining the overall score.

Resolved – That the report be noted and that Mr Smith and the Audit Commission's Audit Team be thanked for their work with the Council in conducting the Comprehensive Performance Assessment.

52.

### External Audit - Data Quality

Mr Peter Smith introduced a report summarising the Audit Commission's findings from its work on data quality as part of the 2007/8 Audit. He explained that, although the management arrangements in place to deliver quality data met the minimum standards required to achieve an unqualified/positive conclusion on the Council's arrangements for Value for Money, despite some improvements having been made, the co-ordination of data quality at a corporate level remained weak in some respects. Mr Smith commented that a number of key recommendations remained outstanding and that an action plan had been agreed with the officers for their implementation.

Resolved – (1) That the report be noted.

(2) That a report be made to the next meeting on the action plan developed in response to the Audit Commission's recommendations, the report to include more specific details of measures proposed to be taken and specific target dates for the implementation of the outstanding recommendations.

**53. Update on Accounts Changes for 2008/09**

The Committee received a report on updates to the Statement of Recommended Practice (SORP) in advance of its consideration of the Council's Annual Statement of Accounts at its June meeting. The Deputy Head of Finance introduced the report, advising members of the context in which the Statement of Accounts must be produced, its overarching objectives and the required contents. He outlined the changes to the SORP for 2008/9, the major change being the restatement of 2007/8 figures to take account of the removal of "deathbed valuations" when the Council disposes of assets, proposed changes to the SORP in 2009/10, particularly in relation to changes to Private Finance Initiative (PFI) accounting, and the implications for the production of 2010/11 financial statements of the introduction of international Financial Reporting Standards (IFRS).

Resolved – (1) That the report, and the updated requirements to the Annual Statement of Accounts to be presented to the June meeting of the Committee, be noted.

(2) That a report be submitted to the Committee in approximately 6 months' time providing updates on the position in relation to the 2010/11 SORP, particularly in relation to the introduction of legislation to negate the effect of IFRS changes that might otherwise impact on council tax.

**54. Draft Internal Audit Annual Plan 2009/10**

The Head of Internal Audit submitted a report presenting the draft Internal Audit Annual Plan (2009/10) for approval by the Committee.

Resolved – That the draft Internal Audit Plan for 2009/10 be approved.

**55. Internal Audit reports identifying significant risk or 'of concern' - Cash Collection**

The Head of Internal Audit submitted a report providing the Committee with an update on the current position in relation to the implementation of agreed recommendations following the Internal Audit review of the Council's cash Collection procedures. The initial review was completed in December 2008 when an overall assessment of "Of Concern" was given. The Council's Director of Customer Services, Revenues & Benefits, was invited to present the management response to the audit review, outlining the actions taken, and proposed to be taken, in response to the key findings and recommendations.

Resolved – That the report, and the management response to the key findings and recommendations of the audit review, be noted.

**56. Internal Audit reports identifying significant risk or 'of concern' - Waste Management**

The Head of Internal Audit submitted a report on the key findings and recommendations of the Internal Audit review of the Council's Waste Strategy. The initial review was completed in November 2008 when an overall risk assessment of "Of Concern" was given. The Council's Head of Streetsmart was invited to report to the Committee on the management response to the internal audit review and to advise on progress made in implementing the key recommendations made in the report for the improvement of the service.

Resolved – (1) That the report, and progress in implementing the key recommendations of the audit review, be noted.

(2) That, where target dates have not been achieved in relation to any particular recommendation, the internal audit follow up reports should include a revised date for completion alongside the original target date to facilitate a comparison.

(3) That it be noted that it was anticipated that the refresh of the waste strategy, to cover the period and activities beyond 2010 and to inform future waste budget requirements, would be available by October/November 2009.

**57.**

#### **Head of Internal Audit Update**

The Committee received a report summarising the main issues arising from the Internal Audit reports finalised since the last meeting of the Committee, and advising on the progress against the Internal Audit Plan. The Committee also received an update on the staffing situation within internal audit.

Resolved - That the report be noted