

## **AUDIT COMMITTEE**

**TUESDAY, 21 SEPTEMBER 2010**

**PRESENT:-** Councillors Michael Dickinson (Chair), Eric Shaw, Peter Stoddart, Des Moffatt (Vice-Chair) and Junab Ali

Apologies for absence were received from Councillors Nick Martin and Mary Martin.

### **15. Declarations of Interest**

The Chair reminded members of the need to declare any known interests in any matters to be considered at the meeting. No declarations were made.

### **16. Public Question Time**

No questions were asked under Standing Order 18.

### **17. Minutes**

Resolved - That the minutes of the meeting held on 22 June 2010 be confirmed and signed.

### **18. Internal Audit reports identifying significant risk or 'of concern - Corporate Manslaughter**

The Committee received the Internal Audit report on the mitigating controls in place to prevent a case of Corporate Manslaughter. The audit review was finalised in May 2010 when an overall risk assessment of "Of Concern" was given. The Council's Head of Human Resources and Talent and Head of Health, Safety and Wellbeing, were in attendance to respond to members' questions on issues raised by the audit review, the management response to the audit conclusions and recommendations and progress in implementing the agreed action plan.

Resolved – (1) That the report be noted.

(2) That the Head of Human Resources and Talent and the Head of Health, Safety and Wellbeing, be thanked for their attendance at the meeting and for their full and open response to members' questions on issues relating to the outcomes of the Internal Audit review of Corporate Manslaughter.

(3) That it be noted that a training session on the subject of Corporate Manslaughter, aimed primarily at Group Directors and Directors, would be held tomorrow (22<sup>nd</sup> September) at the County Ground training facility. That the officers arrange a similar training session for members, to be held in the evening.

(4) That a further report on progress in implementing the Management response to the Internal Audit recommendations, as set out in the associated Action Plan (Section 8 of the Audit Report) be submitted to the Committee in approximately 6 month's time.

### **19. Corporate Risk Management: Update**

The Head of Performance and Risk introduced a report on the pending re-examination and refresh of the Council's Corporate Risk Register in response to the

changing economic environment and the need to ensure that the major risks the Council is facing are correctly identified and actions put in place to mitigate those risks. It was noted that this re-examination would be considered at the next meeting of the Corporate Board and the Audit Committee's views were invited regarding key corporate risk areas and the level of assurance members would expect from the Risk Management function that appropriate action was being taken to manage and mitigate these risks. It was intended that members' comments would be reported to the Corporate Board and that the outcome of that debate would be used by groups to agree actions to be put in place to mitigate risks, accountabilities for delivery and timescales for introduction. It was intended that the reviewed Register would be submitted to the Audit Committee for consideration at its November meeting before being referred to Cabinet for endorsement.

Resolved – (1) That members' views and comments regarding key corporate risks, the level of assurance required by the Committee that these risk are being appropriately managed and the nature and involvement of the Committee in the future monitoring of the Corporate Risk Register be noted and that these be reported to Corporate Board to inform that body's re-examination of the Register.

(2) That members advise the Head of Performance and Risk, in advance of next week's Corporate Board, of any further key risk areas they might identify or where they feel improvements might be made to the Councils' overall assurance framework.

## **20. External Audit Report on the Statement of Accounts 2009/10**

The Director of Finance submitted the updated Statement of Accounts for 2009/10 for the Committee's approval. The Committee also received the External Auditor's Annual Governance Report in relation to its Annual Audit of the Council's Statement of Accounts for 2009/10, including, at appendix 4, the draft letter of representation for the Committee's consideration.

Mr Peter Smith and Mr. Martin Robinson of the Audit Commission, were in attendance and presented the Annual Governance Report, summarising its key messages, including the messages arising from the audit of the Council's financial statements, and work undertaken to assess the Council's arrangements to secure value for money from its use of resources. Mr Smith and Mr Robinson responded to members' questions on issues raised in the report and on the Council's response to its findings.

Mr Robinson also provided a brief summary statement in respect of the recent announcement about the abolition of the Audit Commission and the continuation of existing external audit arrangements until the 2012/13 Financial Year and the likely arrangements for the future, the suggestion being that authorities would be able to appoint their own independent external auditors from a "more competitive and open marketplace".

The External Auditors concluded their presentation of the Annual Governance Report by expressing their thanks for the high level of assistance and support provided by the Council's Deputy Head of Finance and the Financial Services Team in conducting the 2009/109 Audit.

Resolved – (1) That the report of the Director of Finance on the Statement of Accounts for 2009/10 be noted. That the draft External Auditors' Annual Governance Report 2009/10, and the updates provided at the meeting, be also noted.

(2) That, having considered the matters raised in the Annual Governance Report, and taken note of the adjustments to the Financial Statements, set out in

Appendix 2 to the report, and the unadjusted misstatements in the accounts (Appendix 3), the letter of representation, attached at Appendix 4, be acknowledged.

(4) That the Audited Statement of Accounts for 2009/10 be approved, to be signed by the Chair within a period of 1 week, following his own final check of the accounts.

## **21. External Audit - Audit Opinion Plan**

The Committee received the External Auditors' Audit Opinion Plan, setting out the details of the work proposed to be undertaken for the audit of the Council's 2009/10 financial statements and reflecting:

- audit work specified by the Audit Commission for 2009/10
- current national risks relevant to local circumstances
- local risks.

The report also included details of the fee for the audit of financial statements and the additional specific risks relevant to the current audit opinion that would be addressed.

Resolved – That the report be noted.

## **22. Head of Internal Audit Update**

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit Reports finalised since the last Audit Committee meeting in June 2010 and progress made against the Annual Internal Audit Plan.

Resolved – (1) That the report be noted.

(2) That the "Payment Card Industry Standard" audit report, classified as having an overall risk evaluation of "Of Concern", and the "Section 38" audit report, evaluated as being of "Moderate" risk, be submitted to the next meeting of the Committee for consideration.