

Audit Committee – 2 March 2011

Minutes of the meeting of the **Audit Committee** held on **2 March 2011** when there were present:-

Chairman: Cllr Mrs J A Mockford
Vice-Chairman: Cllr Mrs G A Lucas-Gill

Cllr J P Cottis
Cllr J R F Mason
Cllr Mrs J E McPherson
Cllr J Thomass
Cllr Mrs B J Wilkins

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Mrs J Dillnutt, T Livings and D G Stansby.

OFFICERS PRESENT

Y Woodward - Head of Finance
T Metcalf - Audit and Performance Manager
J Kevany - Principal Auditor
S Deasey - Trainee Auditor
S Worthington - Committee Administrator

ALSO PRESENT

L Clampin - PKF

63 MINUTES

The Minutes of the meeting held on 29 September 2010 were approved as a correct record and signed by the Chairman.

64 IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Committee considered the report of the Head of Finance on progress in implementing the new accounting requirements for the preparation of the 2010/11 Financial Statements..

Resolved

That the report be noted and that arrangements the Council is making for the implementation of the change in IFRS Financial Reporting also be noted.
(HF)

65 TREASURY MANAGEMENT STRATEGY INTERIM REPORT

The Committee considered the report of the Head of Finance updating Members on progress in adopting the Treasury Management in the Public Sector Code of Practice.

Resolved

That scrutiny be undertaken of the treasury management policies and procedures through the annual investment audit carried out by Internal Audit.
(HF)

66 CORPORATE RISK MANAGEMENT FRAMEWORK AND POLICY AND CORPORATE RISK REGISTER – 2011/12

The Committee considered the report of the Head of Finance providing details of a revision of the Council's Corporate Risk Register for 2010/11 for Members' consideration and approval.

During debate one Councillor observed that, with respect to the roles and responsibilities of the Senior Management Team under Risk Management, the fourth bullet point in that section would more appropriately read 'recommend', rather than 'determine the Council's risk appetite and set priorities for action'. He considered that it was Council's role to determine this. However, the general consensus of the Committee was that the Audit Committee received reports on risk management twice a year; it was for the Audit Committee to approve or amend, as necessary.

Resolved

- (1) That the revised corporate risk management framework and policy for 2011/12 be approved.
- (2) That the revised Corporate Risk Register for 2011/12 be approved.
(HF)

EXCLUSION OF THE PRESS AND PUBLIC

Resolved

That the press and public be excluded from the meeting for the remaining item of business on the grounds that exempt information as disclosed in paragraph 3 of Part 1 of the Local Government Act 1972 would be disclosed.

67 AUDIT REPORT

The Committee considered the exempt report of the Head of Finance drawing Members' attention to completed audit investigations and providing an update of audit recommendations.

In response to Councillor concern relating to errors found during sampling of contracts, with respect to report 19(2009/10), it was noted that the contracts process had subsequently been streamlined as a result of the findings of this audit. Contract paperwork was now all dealt with centrally by one office,

ensuring consistency. Some of the errors found during the audit were relatively minor.

Members drew attention to the fact that the conclusion on page 12.6 of the officer's report should be updated to reflect the recent Council decision relating to contract procedures.

Officers advised, in response to a Member question about report 4 (2010/11), about the financial advantage that the Council would have enjoyed had it used the Consumer Price Index rather than the Retail Price Index to apply inflation to the contract, that the difference equated to less than 1% of the overall value of the contract.

In discussing report 5 (2010/11) disappointment was expressed that re-negotiation of the contract could only result in an increase, rather than decrease, in costs. It was, however, emphasised by officers that the Council has issued default notices to the contractor, which have resulted in large default payments being made to the Council. Officers advised, in response to a question relating to the length of the contract, that it was a 7-year contract due to expire in 2015.

During discussion of the audit report on anti-fraud and corruption, the Committee confirmed to the external auditor that there had been no changes in governance arrangements relating to fraud. The Committee regularly considered audit reports, including the current one on anti-fraud and corruption; reporting on fraud was comprehensive.

Members confirmed that there was nothing additional to report in terms of actual, suspected or alleged fraud, other than the case that had been reviewed at the last Audit Committee meeting.

In response to a question relating to Connaught's recent financial difficulties, in the context of report 6 (2010/11), officers advised that Fountains had taken over Connaught Environmental and was carrying out the grounds maintenance contract for the Council. When Connaught was experiencing financial difficulties last year the Council had put in place plans to protect staffing, service delivery and equipment. Responding to a Member request for an additional report to the Committee on the grounds maintenance contract, officers advised that the contract was closely monitored and a risk assessment had also been conducted. The Leader of the Council and the Portfolio Holder for the Environment were also kept informed of any developments.

In response to a question relating to the report on land charges, officers advised that there had been a change in the way in which Local Authorities were able to make land search charges that had resulted in a drop in income.

It was noted that, with respect to the table appended to the audit report, all items with an implementation date of February 2011 could be deleted as they

had been implemented, with the exception of no. 13 detailed on page 12.38 of the report, the date of which should be amended to 30 April 2011.

The external auditor advised that since PKF had issued its Annual Audit Letter 2009/10, the Audit Commission had issued guidance on changes to its use of resources approach; in future the focus would be on determining financial resilience in the short and long term and on security and challenging value for money. A report will be made to the next meeting of the Audit Committee. There will, in addition, be a report on the grants claims audit.

Resolved

- (1) That the conclusions and results from the audits in appendices 2 and 4 be agreed.
- (2) That the updated information on the audit recommendations, outlined in appendix 5, be agreed.
- (3) That the Annual Audit Letter for 2009/10 be noted. (HF)

The meeting closed at 8.20 pm.

Chairman

Date

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