
MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	31 JANUARY 2007
PRESENT	COUNCILLORS HYMAN (CHAIR), HILL, HOLVEY (VICE-CHAIR), MOORE, SCOTT, R WATSON AND B WATSON (SUBSTITUTE)
APOLOGIES	COUNCILLOR JONES

36. DECLARATIONS OF INTEREST

Members were invited to declare at this point any personal or prejudicial interests they might have in the business on the agenda. No interests were declared.

37. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation scheme.

38. MINUTES

RESOLVED: That the minutes of the meetings of the Audit and Governance Committee held on 25 September 2006 and 4 October 2006 be approved and signed by the Chair as a correct record.

39. AUDIT COMMISSION REPORT : ARRANGEMENTS FOR THE DISPOSAL OF THE BARBICAN

Members considered a report which presented the findings of the Audit Commission's review of the Council's arrangements for disposal of the Barbican. This item had been deferred from the Committee meeting on 4 October 2006, to enable a representative from the Audit Commission to attend and respond to Members' questions on the report.

The objectives of the review had been to assess the Council's arrangements for securing best consideration for the Barbican site, ensuring appropriate governance controls were maintained and managing the impact on service delivery. The resulting report, attached as Annex A, had recommended that the Council should in future:

- Include within reports the legal framework and basis for making key decisions (R1);
- Be clearer in its selection criteria for future partners and set parameters for major schemes which, if exceeded, would trigger a review (R2);
- Clearly articulate and record the objectives of major projects at the outset, in order to evaluate future success (R3).

Some actions had already been taken in response to these recommendations, as outlined in the report. Since the recommendations were aimed at enabling better management of risk, it was considered important to take further steps to embed the suggested approaches into the Council's working practices.

Mark Kirkham, the District Auditor, was present to respond to Members' questions on the Commission's report. He confirmed that the report's conclusions related only to the arrangements leading up to disposal of the site and the Commission would be concerned to review whether best consideration had been obtained once the final arrangements for disposal of the site had been concluded. If the sale was completed in the current financial year, the results of this work would be available by September. Officers confirmed that the sale was proceeding and that Council was now close to exchanging contracts with the purchaser.

RESOLVED: (i) That the Audit Commission's report be noted.

(ii) That authority be delegated to the Director of Resources to devise and implement appropriate responses to the recommendations, through giving advice and guidance to other Officers on Council procedures and requirements.

REASON: In order to improve governance and risk management of Council projects and developments.

(iii) That a report be brought back to the Audit and Governance Committee in September 2007 to inform them of progress made on the Audit Commission's recommendations and the results of the review of the transaction.

REASON: To enable the Committee to monitor progress, in accordance with their role.

40. DECIDING AND DELIVERING COUNCIL PRIORITIES - AUDIT COMMISSION REPORT

Members considered a report which detailed the findings and recommendations arising from the Audit Commission's study of the Council's arrangements for deciding and delivering its priorities.

The Audit Commission's report, issued in August 2006, was attached as Annex A. It presented a fairly positive picture of the way in which the Council had developed its priorities as part of the corporate strategy but identified a significant amount of work needed to embed and deliver these. An update letter issued by the Commission in December (Annex B) reflected progress made by the Council since publication of the report. Actions taken or planned in response to the recommendations were set out in Annex C.

It was noted that the Audit Commission had agreed to pay a return visit in June in order to review the progress made by the Council on their recommendations. The results of this review would be brought to the

Committee, either in September or, if the timescale allowed, to the meeting in June.

RESOLVED: (i) That the findings of the Audit Commission study, and the actions which have been taken or planned to be taken in order to respond to the recommendations contained in the report and the update letter, be noted, and that Officers be asked to bring an update report on progress back to this Committee during 2007/08.

REASON: So that Members are informed on progress made in improving the Council's prioritisation arrangements, in accordance with this Committee's monitoring role.

(ii) That the Audit Commission's report be referred to the Executive for their consideration.

REASON: In accordance with the Executive's responsibility to take the lead in the setting and delivery of the Council's priorities.

41. 2006/07 STATEMENT OF INTERNAL CONTROL – MANAGING THE PROCESS

Members considered a report which informed them of the process that had been planned to enable publication of the 2006/07 Statement of Internal Control (SIC).

The process followed for preparation of the 2005/06 SIC had worked well and was recognised by the Audit Commission as best practice. It was therefore proposed to follow a broadly similar process for the 2006/07 SIC, subject to some limited changes to enhance and improve the approach, including:

- Extending the period allowed for consultation on the draft SIC;
- Involving Members in the consultation at an earlier stage (early April);
- Assigning responsibility for significant control issues to named Officers.

A proposed timetable for publication of the 2006/07 SIC, including presentation of the completed SIC to Audit and Governance Committee in June 2007, was set out in paragraph 11 of the report.

Internal Audit was currently undertaking a follow up exercise to identify progress made in addressing significant control issues identified in the 2006/07 SIC. The results of this review would be reported to Audit and Governance Committee in April.

RESOLVED: (i) That the proposed process and timetable for completion of the 2006/07 SIC be agreed.

REASON: To ensure that the Council complies with relevant legislation.

(ii) That the intention to report on progress made to address the significant control weaknesses included in the 2005/06 SIC to the next meeting of this Committee be noted.

REASON: To enable Members to consider the adequacy and effectiveness of the Council's control environment.

42. AUDIT AND FRAUD MID-TERM MONITOR

Members considered a report which provided details of progress made in delivering the Council's internal audit and fraud work plan for 2006/07.

It was reported that 51% of the 2006/07 Audit Plan had been completed to date. However, it was expected that the 90% target would be achieved, as current figures did not take into account audit fieldwork which was either complete or in progress. A number of variations had been made to the Plan, to accommodate the shortfall in resources and take account of changes in priorities. Details of audits completed were set out in Annex 1 to the report, and details of variations were provided in Annex 2. Investigations had been carried out into one suspected financial irregularity and 4 minor thefts and frauds. Findings from completed investigations were summarised in Annex 3.

Annex 4 provided a summary of the work completed in accordance with the approved Counter Fraud Activity Plan. Most of the work undertaken by the Fraud team during the year had related to suspected fraudulent Housing and Council Tax benefit claims. Details of investigations undertaken, and prosecutions and sanctions achieved, were set out in Annex 5. The Fraud team was also undertaking work on the Audit Commission's 2006/07 National Fraud Initiative data matching exercise.

RESOLVED: (i) That the results of the audit and fraud work undertaken to date in 2006/07 be noted.

REASON: So that Members are informed of the implications of audit and fraud findings.

(ii) That the variations to the 2006/07 Audit Plan, as approved to date by the AD (Resources) ARM, be noted.

REASON: So that Members are informed on the delivery of the Internal Audit Plan.

(iii) That Officers be thanked for their hard work in progressing the Internal Audit Plan and the Counter Fraud Activity Plan.

43. PRIVACY AND CONFIDENTIALITY POLICY

Members considered a report which set out proposals for adoption of a privacy and confidentiality policy, covering both the receipt of reports relating to specific audit matters and periodic informal discussions with auditors.

It was noted that there was a strong public interest in showing how public funds had been spent and assets safeguarded and in demonstrating that Members and Officers had acted in accordance with the highest standards of probity. In relation to reports, it was therefore suggested that a policy of full disclosure be adopted, except where the reports contained exempt information under Schedule 12A of the Local Government Act 1972 (as amended). In such cases, every effort would be made to disclose as much information as possible, provided it was considered to be in the public interest.

It was also proposed to adopt the guidance issued by CIPFA and to hold informal private meetings between the Members of this Committee and the Chief Internal Auditor and / or external auditor. It was suggested that these meetings take place quarterly and immediately prior to the formal public meetings of the Committee. Any notes of these meetings would be treated as confidential.

RESOLVED: (i) That the proposed privacy and confidentiality policy set out in the report be approved.

REASON: To ensure that the Council provides for openness and transparency in audit and governance related matters.

(ii) That the proposal to hold private informal meetings with the external auditor and the Chief Internal Auditor be agreed.

REASON: To enable Members of the Committee to be made aware of issues arising from the work of internal and external audit.

K Hyman, Chair

[The meeting started at 5.30 pm and finished at 7.10 pm].