

MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	28 JUNE 2012
PRESENT	COUNCILLORS CUNNINGHAM-CROSS (CHAIR), BARNES, BROOKS (VICE-CHAIR), BURTON, CUTHBERTSON, WATSON AND STEWARD

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### **1. DECLARATIONS OF INTEREST**

At this point in the meeting Members were asked to declare any personal or prejudicial interests they may have in the business on the agenda. None were declared.

### **2. MINUTES**

RESOLVED: That the minutes of the meeting held on 2 April 2012 be approved and signed by the Chair as a correct record subject to minute 67(c) being amended to read "Barnes" and not "Burton".

### **3. PUBLIC PARTICIPATION**

It was reported that there were no registrations to speak at the meeting under the Council's Public Participation Scheme.

### **4. FORWARD PLAN**

Consideration was given to a paper which presented the future plan of reports expected to be presented to the Committee during the forthcoming year to April 2013.

Members were pleased to note that the Statement of Accounts for 2011/12 would be signed-off within the statutory timescale and would be presented to the Committee at the next meeting. Tribute was paid to the work that Louise Branford-White had carried out in respect of the accounts.

Members were asked to identify any further items they wished to add to the Forward Plan. It was agreed that the Audit and Governance Committee Effectiveness Working Group would

report back to the Committee at the meeting on 27 September 2012.

**RESOLVED:** That, subject to the inclusion of the feedback report from the Audit and Governance Committee Effectiveness Working Group, the work plan for the period up to April 2013 be approved.

**REASON:** To ensure that the Committee receives regular reports in accordance with the functions of an effective audit committee and can seek assurances on any aspect of the Council's internal control environment.

#### **5. EXTERNAL AUDIT 2011/12 - AUDIT PROGRESS REPORT**

Members considered a report that presented the progress report of the council's external auditor, the Audit Commission, in achieving their 2011/12 Audit Plan.

It was noted that the assessment had progressed according to plan. The testing that had taken place had confirmed that the systems that were in place were fit for purpose. The only outstanding work was to review the Council's year end financial statements, annual governance review, and performance report.

At the request of Members, an explanation was provided as to the role of the proposed new independent audit appointment panel.

Clarification was sought as to the reference in the report which suggested that a more strategic review of internal control arrangements might be opportune. The officer from the Audit Commission stated that the issue was not that weaknesses had been identified but related to possible budget savings, for example consideration as to whether any of the current processes could be replaced by less labour intensive procedures.

**RESOLVED:** That the progress report be noted.

**REASON:** To ensure the Committee is fully aware of the current activity of the external auditors and any

issues that could affect the council's system of internal control.

## **6. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

Members considered a report that advised them of the process and the outcomes of the 2011/12 review of the effectiveness of the Council's internal audit arrangements.

Details were given of the work that had taken place, as outlined in paragraph 15 of the report.

Members' attention was drawn to the areas of development which had been identified as part of last year's self-assessment. The information on progress made in the year was noted.

Consideration was given to the results of the Customer Satisfaction Survey. It was noted that there had been an improvement in a number of areas covered by the survey. No areas had deteriorated.

Members noted that reports from the Head of Internal Audit to the Audit and Governance Committee had previously been in the name of the council's client officer. It was proposed that this should change in the future with all internal audit related reports issued in the name of the Head of Internal Audit.

- RESOLVED:
- (i) That the results of the annual review of the effectiveness of internal audit be noted.
  - (ii) That the changes in reporting arrangements in respect of reports to the Committee on internal audit matters (as detailed in paragraph 23 of the report) be approved.

- REASONS:
- (i) To enable Members to consider the overall adequacy and effectiveness of the Council's control environment.
  - (ii) To ensure the council complies with the CIPFA Code of Practice.

## 7. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT

Members considered a report that summarised the outcome of audit and fraud work undertaken in 2011/12 and which provided an opinion on the overall adequacy and effectiveness of the council's internal control arrangements.

Members noted the audits completed and reports issued, as detailed in Annex 2 of the report. Officers reported that 96% of the Audit Plan had been delivered against a target of 93%.

Members questioned officers on a number of issues including any risks identified in respect of:

- Information security
- Health and Safety
- Partnership working - it was noted that although the Council had a good record of partnership working, CMT would be considering the lack of overarching controls to monitor and manage the Council's involvement in partnerships.
- Pre-employment checks for agency staff
- Personalisation and direct payments

- RESOLVED:
- (i) That the results of audit and fraud work undertaken in 2011/12 be noted.
  - (ii) That the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's internal control environment be accepted.
  - (iii) That the significant control weaknesses identified during the year which are relevant to the preparation of the Annual Governance Statement be noted.
  - (iv) That further information on the risks associated with partnership working and the personalisation direct payments be presented to the Committee<sup>1</sup>.

- REASONS:
- (i) To enable Members to consider the implications of audit and counter fraud findings.

- (ii) To enable Members to consider the opinion of the Head of Internal Audit.
- (iii) To enable the Annual Governance Statement to be prepared.
- (iv) To enable Members to give full consideration to the issues and be assured that appropriate arrangements are in place.

Action Required

1. Include on Committee's Work Plan

EA

**8. DRAFT ANNUAL GOVERNANCE STATEMENT**

Members received a report that presented the Annual Governance Statement (AGS) 2011/12 for approval. A signed version of the AGS, as agreed by the Leader and Chief Executive of the Council would accompany the Statement of Accounts 2011/12.

Members' attention was drawn to the significant governance issues, as detailed in section 5 of the statement. The issues in respect of information governance and business continuity were highlighted, particularly in view of the move to the new offices.

Some Members expressed concern that recent changes that had been implemented in respect of governance had not been reflected in the statement, including the arrangements regarding Cabinet Member Decision Sessions and Ward Committee meetings. They suggested that this had led to a reduction in opportunities for the public to engage effectively with the council. It was also suggested that, although the new scrutiny arrangements that had been implemented during 2009/10 had provided opportunities to increase the effectiveness of the scrutiny function, it was only recently that this was beginning to have an impact. Some Members therefore suggested that the statement regarding scrutiny within the authority had presented an overly positive view of the current position. Other Members commented that the governance statement should make reference to the financial constraints faced by the Council and the impact that this had on issues in respect of governance.

Members also noted the statement that the Audit and Governance and the Standards Committee had committed to working together to improve the oversight of corporate governance. Members reiterated their support for this arrangement but agreed that further consideration should be given as to a mechanism by which this could be best be achieved.

Officers explained that the governance statement was intended to be a descriptor of the governance arrangements that were in place rather than containing an assessment of their effectiveness. Nevertheless the draft statement would be amended to seek to address some of the concerns that had been raised. The revised statement would be circulated to Members via email with a view to the final version being adopted at the next meeting.

- RESOLVED:
- (i) That the draft Annual Governance Statement be updated to reflect the views put forward by the Committee (as outlined above).
  - (ii) That the revised AGS be circulated to Members via email for consideration prior to the next meeting<sup>1</sup>.
  - (iii) That an item be included on the Forward Plan to consider how best the Audit and Governance Committee and the Standards Committee could work together to improve the oversight of corporate governance.

REASON: To enable Members to consider the effectiveness of the Council's governance framework, and in particular the significant control issues.

Action Required

1. Update AGS and email to Members

EA

Councillor Cunningham Cross, Chair.

[The meeting started at 4.30 pm and finished at 5.55 pm].