

Audit & Governance

Committee

27th November 2012

MINUTES

Present:

Councillor Derek Taylor (Chair), Councillor Roger Hill (Vice-Chair) and Councillors John Fisher (from part way through Minute No. 22), Alan Mason and Yvonne Smith

Also Present:

Phil Jones and Zoe Thomas (Grant Thornton - External Auditors)

Officers:

T Kristunas and J Pickering

Committee Services Officer:

D Parker-Jones

19. APOLOGIES

Apologies were received on behalf of Councillors Joe Baker and Roger Bennett.

20. DECLARATIONS OF INTEREST

There were no declarations of interest.

21. UPDATE FROM THE CHAIR - AUDITED STATEMENT OF ACCOUNTS 2011/12

The Chair advised Members that subsequent to the meeting of the Committee held on 26th September 2012 at which the Council's Statement of Accounts 2011/12 had been approved and duly signed by the Chair, it was noted that some amendments were required to the general wording of the Statement and that this had therefore been updated accordingly.

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Chair

22. AUDIT COMMISSION ANNUAL GOVERNANCE REPORT 2011/12 - RESPONSES

Further to Minute No. 16. 4) of the meeting of the Committee held on 26th September 2012, Members considered a report which set out comments provided by the Executive Director of Finance and Corporate Resources in response to recommendations detailed in the Audit Commission's Annual Governance Report (AGR).

A total of 7 recommendations had been proposed by the external auditors, which had been agreed by Officers, as follows:

- review the shared service plans accounting arrangements in order to simplify the process;
- review the Service Agreement in place with the County Council in relation to the valuation of assets;
- review and clarify the position in relation to the ownership and trust arrangements for the Paolazzi Murals;
- improve risk management arrangements and reporting;
- continue to monitor the delivery of the Internal Audit plan;
- review the format of the monitoring of savings as presented to Officers and Members; and
- formally review the Housing Benefit transformation work.

Ms Zoe Thomas, Audit Manager, and Mr Phil Jones, Engagement Lead, formerly of the Audit Commission and now of Grant Thornton (the Council's new External Auditors), were present to respond to any issues raised.

Members considered each of the recommendations and Officer responses. A request was made by the Chair that specific timescales be agreed for the completion of any actions arising from the recommendations. The key outcomes of the Committee's discussions are detailed below.

Recommendation 1 - Review the shared service plans accounting arrangements in order to simplify the process

Officers provided an explanation as to how shared services were currently accounted for and advised that whilst there were no fundamental issues with the accounting outcomes, it was the processes involved in the accounting arrangements which were to be looked at.

The External Auditors explained that the key aim was to simplify the process in order to represent value for money. The external Audit Manager advised that she was due to meet with the Council's finance staff the following day to discuss how this matter could be

taken forward. She added that it would also be worthwhile having an annual review of the shared services accounting arrangements.

Agreed timescale for completion: March 2013.

Recommendation 2 - Review the Service Agreement in place with the County Council in relation to the valuation of assets

Officers advised that a meeting had taken place with the County Council valuer the previous day at which it had been agreed that a senior valuer would now have input into the Borough Council's fixed asset valuations.

Members queried whether it would be possible to utilise the services of an independent valuer for some valuations. Officers advised that as the Council had a Service Level Agreement in place with the County Council this would mean having to pay for both services, which would not be a viable option.

Members further queried whether it would be possible for all properties that were being valued to be visited, which Officers advised would create some issues. However it was agreed that details of any site visits and any comparisons made as part of the valuation process should be included in valuation certificates, as part of the judgement made.

Agreed timescale for completion: December 2012.

Recommendation 3 - Review and clarify the position in relation to the ownership and trust arrangements for the Paolazzi Murals

It was noted that the actions in relation to the clarification of the ownership of the Paolazzi Murals and the associated accounting arrangements for these were ongoing.

Agreed timescale for completion: March 2013.

Recommendation 4 - Improve risk management arrangements and reporting

Officers accepted that in addition to the current risk management arrangements that were in place further arrangements were required to provide for a more robust risk management system, in particular with the reporting element of this.

It was noted from the Officer comments provided that work had already commenced on the development of departmental risk registers, which would be considered by Members at future meetings of the Committee. The registers would be updated on a

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quarterly basis and reported via management teams to ensure that actions were put in place to minimise risk to the authority with the delivery of services. Individual registers and action plans would be reported to the Committee at each meeting, commencing on 24th January 2013.

Risk management meetings had taken place with managers throughout November as part of the process, and as agreed at the September meeting of the Committee Councillors Roger Bennett and Yvonne Smith would periodically examine the Council's risk registers and report back to each meeting of the Committee on these.

Agreed timescale for completion: ongoing, with first risk register information to be reported to the Committee's 24th January 2013 meeting.

Recommendation 5 - Continue to monitor the delivery of the Internal Audit plan

It was noted that this was an ongoing matter with the Executive Director of Finance and Corporate Resources meeting regularly with the Internal Audit Manager to monitor progress on the delivery of the Audit Plan.

The Internal Audit team was now fully staffed and performance reports would continue to be referred to each meeting of the Committee.

Agreed timescale for completion: ongoing.

Recommendation 6 - Review the format of the monitoring of savings as presented to Officers and Members

Officers reported that this recommendation was one where there was possible disagreement with the External Auditors.

Officers explained how savings were currently shown and the External Auditors set out where they felt more transparency of financial reporting was required, in particular with the detail around planned savings across the Council and in year monitoring of the delivery of those savings.

As detailed in the Officer comments, Officers would be reviewing the budget monitoring reports for 2013/14 to ensure that both they and Members could identify savings which were being delivered. The review would include consideration of any revised reports by the External Auditors to ensure that the level of detail was appropriate for future financial planning of the Council.

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Officers would shortly be meeting with the External Auditors in this regard and it was noted that any revised reports would need to be in place in time for the 2013/14 financial year. It was agreed that a half-year review report on this be referred to the Committee in March 2013.

Agreed timescale for completion: March 2013.

Recommendation 7 - Formally review the Housing Benefit transformation work

In addition to the Officer comments provided, Officers reported that it was very difficult to bring the transformation review work to a close as this was still ongoing.

Significant government welfare reforms linked to universal credit also impacted on the position. It was unclear at present as to exactly what effect the reforms would have on the service, although it was anticipated that these could see significant 'failure demand' for the Council.

Officers would, in time, be looking at any required changes to service provision, including departmental restructuring, but the effects of the welfare reforms had first to become clear before being in a position to proceed with this.

Agreed timescale for completion: ongoing.

The Meeting commenced at 7.00 pm
and closed at 7.45 pm

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Chair