



Audit & Governance Committee

26 May 2009

Minutes

Present:

Councillor Robin King (Chair), Councillor Greg Chance (Vice-Chair) and Councillors M Braley and W Norton

Also Present:

Councillor C Gandy, David Evans (Audit Commission)

Officers:

S Hanley, B Haycock, T Kristunas

Committee Officers:

D Sunman

49. APOLOGIES

Apologies for absence were received from Councillor Hopkins and Liz Cave (Audit Commission).

50. DECLARATIONS OF INTEREST

There were no declarations of interest.

51. MINUTES OF PREVIOUS MEETING

RESOLVED that

the minutes of the meeting held on 4 March 2009 be confirmed as a correct record and signed by the Chair.

52. ACTION SHEET

Members considered an Action Sheet from their meeting on 4 March 2009.

With reference to the Item 7 (Dial A Ride) it was suggested that the Dial A Ride Task and Finish Group consider areas not already covered by the service and also use of vehicles on evenings and weekends.

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RESOLVED that

the Action Sheet and comments be noted.

53. PARTNERSHIP GOVERNANCE - ADOPTION OF FRAMEWORK AND TOOLKIT

The Committee considered a report regarding the adoption of a Partnership Governance Framework and Toolkit together with a definition of the partnerships to which these would be applied. They were advised that the report would be discussed by the Executive Committee at their meeting on 10 June.

Officers reported that the Audit Commission, in a national report published in October 2005 (Governing Partnerships: Bridging the Accountability Gap), had said that public bodies should:

- a) know the partnerships they are involved in, and how much money and other resources they invest in them. They should review each partnership to strengthen accountability, manage risks and rationalise working arrangements;
- b) establish clear criteria against which partnerships can be evaluated to determine that they help to achieve partners' corporate objectives cost-effectively;
- c) take hard decisions to scale down their involvement in partnerships if the costs outweigh the benefits, or if the added risks cannot be managed properly;
- d) agree and regularly review protocol and governing documents with all partners; and
- e) tell service users and the wider public about how key partnerships work, where responsibility and accountability lie and how redress can be obtained through joint complaints procedures.

Members were informed that as part of the Council's assurance framework it would be necessary to ensure that these principles and values of good governance be applied to its partnerships and that the associated risks be identified and managed. The Comprehensive Area Assessment (CAA) also places more emphasis on partnership working. Adoption of the Partnership and

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Governance Framework and Toolkit would provide the mechanism to manage their partnerships effectively.

RECOMMENDED that

- 1) **the draft Partnership and Governance Framework and Toolkit at Appendix 1 of the report be adopted; and**
- 2) **that Officers undertake a further piece of work to identify current partnership involvement.**

54. STATEMENT OF ACCOUNTS 2008/09

Members considered a report outlining changes to the mechanism for approval of the Council's Statement of Accounts.

RECOMMENDED that

- 1) **that authority to receive and give final approval to the Statement of Accounts be delegated to the Audit and Governance Committee; and**
- 2) **the Committee's Terms of Reference be updated to include such duty.**

(An additional Audit and Governance Committee be scheduled at the end of June 2009 and thereafter on an annual basis and a training session for Members be undertaken prior to receipt of the Statement of Accounts for 2009.)

55. ANNUAL GOVERNANCE STATEMENT 2008/09

The Committee considered a report which sought approval of the Annual Governance Statement (AGS) prior to inclusion in the Statement of Accounts 2008/09, which will be published at the end of September 2009.

RESOLVED that

the Annual Governance Statement be approved for inclusion in the Statement of Accounts 2008/09.

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56. ANNUAL AUDIT AND INSPECTION LETTER 2007/08

Dave Evans from the Audit Commission presented a report regarding the Annual Audit and Inspection Letter in respect of the 2007/08 audit of accounts.

The report outlined the key messages and action needed by the Council.

Key Messages

The Council's overall rate of improvement slowed in 2007/08, which continued from a fall in improvement in the previous year. In 2007/08, 52% of performance indicators (PIs) improved, which was below the average for district councils. The Council was ranked 327 out of 388 councils for the percentage of PIs improved during the year. Value for money remained adequate but with higher than average costs and lower than average performance.

The Council had acknowledged areas where change is needed to improve its performance management framework and performance management and risk management processes.

The Council's performance on Use of Resources had been assessed as adequate, which was the same overall level of performance reported in previous years.

Arrangements for ensuring data quality were assessed as being the minimum required.

Action Needed by the Council

The Audit Commission recommended the following actions:

- a) that the impact on capacity of the pilot joint Chief Executive working arrangements be monitored and the business case for shared services be developed.
- b) that Value for Money be improved throughout the Council and that continued action be taken to review services identified as high cost and low performing and that a member-led programme of reviews be introduced to deliver greater efficiency and improved service outcomes.
- c) that processes be put in place to ensure that annual financial statements contain no more than 'clearly trivial' errors and to

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strengthen financial management in areas identified the Use of Resources report.

- d) that the refreshed performance management framework be embedded to enable Officers and Councillors to respond quickly to changes in performance particularly for priority areas.
- e) that the Council continue to monitor the delivery of its major projects and further embed the risk management process.
- f) that the Council consider its appropriate response in the current economic downturn.

Members acknowledged that progress had been made to address the areas listed in the Audit and Inspection Letter for improvement and that this would be reflected in the Annual Audit for 2008/09.

RESOLVED that

- 1) the Annual Audit and Inspection Letter be noted; and**
- 2) that an Action Plan be prepared based on the whole document.**

57. RISK MANAGEMENT UPDATE

The Committee received a report that provided Members with an update on the Council's Risk Management arrangements in line with the corporate risk management framework.

Members were informed that a review of the Corporate Risk Register had identified 21 corporate risks. Of these:

- 5 risks are identified as being very high;
- 12 considered to be high;
- 3 of medium risk; and
- 1 considered to be low risk.

Members were advised that controls, actions and strategies had been developed to manage these risks and would be subject to ongoing monitoring.

RESOLVED that

the report be noted.

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58. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report which gave an update regarding audits completed by the Internal Audit Team since 21 January 2009. Members commented on the following audits:

Capital Contracts

The Committee was assured that a framework was now in place to safeguard against problems identified in the audit. They were informed that all Officers involved in procurement were receiving mandatory training.

Rent Deposit and Rent Guarantee Schemes

Members were concerned whether liability for valid Gas Safety Certificates should be the responsibility of landlords or tenants. It was noted that Housing Officers were carrying out a review of this.

RESOLVED that

- 1) **the report be noted;**
- 2) **Housing Officers report to the next meeting regarding the review of Gas Safety Certificates; and**
- 3) **Legal advice be sought regarding liability.**

59. AUDIT ANNUAL PLAN 2009/10

The Committee received the finalised planned programme of work for Internal Audit for 2009/10.

RESOLVED that

the programme of planned audit work for 2009/10 be approved.

60. INTERNAL AUDIT - AUDIT OUT-TURN STATEMENT FOR 2008/09

Members considered a report that provided information regarding the use of Internal Audit resources during 2008/09. Officers reported that 218 days less than planned had been spent on service unit audits which meant that the internal audit target of completing 90%+ of the programmed audit work in the year had not

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been achieved. This had impacted on the level of assurance that Internal Audit was able to give regarding the adequacy and effectiveness of the system of internal controls operating within the Council.

Members were informed that a report on Shared Services / Enhanced 2 Tier work would be available in the next few months.

RESOLVED that

the report be noted.

61. AUDIT AND GOVERNANCE COMMITTEE - WORK PROGRAMME FOR 2009/10

Members were asked to consider items for inclusion on a work programme for 2009/10.

RESOLVED that

a meeting be arranged to include the Chair, Vice-Chair and the Heads of Legal, Democratic & Property Services and Finance, Revenues and Benefits to finalise the work programme for 2009/10.

62. INTERNAL AUDIT - MEMBER SUGGESTIONS OF AREAS FOR FUTURE AUDIT ACTIVITY

There were no Members suggestions for future audit activity.

63. EXTERNAL AUDIT PROGRESS REPORT

The Committee considered a report from the Audit Commission that showed progress against the 2008/09 Audit Plan agreed by this Committee in May 2008. The status of work in progress was reported as follows:

Systems Work

Work on the authority's systems key controls, in conjunction with internal audit, had been completed in readiness for the final accounts audit in August.

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Use of Resources

A self-assessment against the new Key Lines of Enquiry had been received by the agreed deadline. The review of the self-assessment was ongoing. An indicative score would be reported to the Audit Commission centrally by 31 May with a final score agreed and reported by 14 August. An area challenge meeting had been arranged to compare scores from authorities across the West Midlands to ensure consistency.

National Reports

The following reports had been issued since the last Audit & Governance Committee.

- Risk and Return – English Local Authorities and Icelandic banks.
- Working Better Together? Managing Local Strategic Partnerships.
- Summing Up – A review of financial management in Local Government 2005 – 2008.

RESOLVED that

the report be noted.

64. EXTERNAL AUDIT - OPINION PLAN 2008/09

Dave Evans from the Audit Commission presented the Opinion Audit Plan that reported on risks at both an authority-wide level and also within individual systems. Members were informed that the Commission had identified 13 significant systems and the controls that operated within those systems. These systems would be tested during the year to highlight which would impact on the work that was required at the end of the year by the auditors.

Two additional risks had been identified:

1. A general fall in property values in 2008/09. The Audit Commission must ensure that appropriate procedures are in place for year-end valuation of the Council's assets; and
2. The Benefits Inspection had identified a number of issues to be included in the opinion audit work.

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RESOLVED that

the report be noted.

65. EXTERNAL AUDIT - FEE LETTER 2009/10

The Committee considered a report on the charges for Audit Commission work for 2009/10. Members were informed that fees might be reviewed and updated once the audit for 2008/09 and the audit planning process for 2009/10 had been completed.

RESOLVED that

that the report be noted.

The Meeting commenced at 7.03 pm
and closed at 9.15 pm

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Chair