

Audit & Governance Committee

20th April 2010

MINUTES

Present:

Councillor Robin King (Chair), Councillor Greg Chance (Vice-Chair) and Councillors M Braley and G Hopkins

Also Present:

Jane Matheson and David Evans (Audit Commission)

Officers:

T Kristunas, J Pickering, C Felton and B Haycock

Committee Services Officer:

D Sunman

47. APOLOGIES

Apologies for absence were received on behalf of Councillors Hall and Norton.

48. DECLARATIONS OF INTEREST

There were no declarations of interest.

49. MINUTES

RESOLVED that

the minutes of the meeting of the Committee held on 21st January 2010 be confirmed as a correct record and signed by the Chair.

50. EXTERNAL AUDIT - PROGRESS REPORT

David Evans, Audit Commission presented a Progress Report that summarised the progress and provided information on the 2008/09 and 2009/10 audits. Members noted that the 2008/09 was complete and that a planned project for reviewing the project management processes at the authority had been carried forward to 2009/10 as a result of the delay in the Abbey Stadium project. They

.....
Chair

were informed that it was anticipated that this review would be carried out during the summer of 2010.

RESOLVED that

the report be noted.

51. EXTERNAL AUDIT - SHARED SERVICES REPORT

The Committee received a report from Jane Matheson from the Audit Commission on a Shared Services Review of Redditch Borough and Bromsgrove District Councils that had been carried out during 2009/10. They were informed that the report had also been presented at the Shared Services Board on 20th April 2010.

As background to the report she outlined the Communities and Local Government Department's views that local government should look for different ways of working in order to achieve service improvements, efficiencies and value for money and, at the same time, make communities better places to live.

She informed members that the audit had identified that sound procedures had been put in place to support the delivery of shared services and a shared Chief Executive. The Councils had made good early progress but a longer term programme of work would be required and that there would be risks attached. However, it was noted that Officers and Councillors understood the main risks and their role in providing solutions to those.

Conflicts of interest were being managed well and external legal advice sought when required. Robust discussion regarding allocation of costs and savings had taken place.

Governance arrangements had worked well but it had been recognised that a review would be required to ensure that the arrangements remained fit for purpose. Assurances have been put in place to ensure the governance process is, as far as possible, fair and independent.

The report made the following recommendations:

- 1) Risks should be discussed at the Shared Services Board meetings, not only around the level of significance and impact, but to identify new risks:
- 2) The Councils should set out their contingency position for either a fall back or exit strategy;

- 3) To provide a full set of working papers at full Council meetings where decisions on shared services are made thus reflecting the significance of the decisions taken and enable full informed debate;
- 4) The Councils should review the governance arrangements of the Shared Services Board and whether it was appropriate for this Board to continue with its current role.
- 5) The Councils should develop a performance management process for shared services including what information would be needed for the single management team to manage performance and what information would be needed to enable Councillors to manage and scrutinise performance; and
- 6) The Councils should review the expected costs and savings, ensure that they are realistic and monitor their delivery and that all legal issues have been resolved.

RESOLVED that

the report be noted.

52. EXTERNAL AUDIT - OPINION AUDIT PLAN

David Evans, Audit Commission, presented a report on the Audit Opinion Plan for 2009/10 that set out the audit work proposed for the audit of financial statements 2009/10.

He informed members that the fee for the audit would be £127,750, which included the audit of accounts, assessment of Value for Money (VFM) and scoring of Use of Resources.

Specific opinion risks were identified as follows:

- a) changes to 2009/10 Statement of Recommended Practice (SORP);
- b) processing errors in payroll system in April 2009;
- c) shared services and the creation of single management team may affect the finance office and the production of accounts; and
- d) a requirement to provide assurance to the County Council on the estimate of Council Tax due at year end.

The key milestones and deadlines were identified as follows:

- i) the Council prepare the financial statements by 30th June 2010; and

- ii) the Audit Commission complete audit and issue opinion by 30th September 2010.

RESOLVED that

the report be noted.

53. EXTERNAL AUDIT - SURVIVING THE CRUNCH

The Committee received a report, for information, from the Audit Commission titled "Surviving the Crunch".

RESOLVED that

the report be received.

54. INTERNAL AUDIT - PROGRESS REPORT

Members considered a report that provided an update of audits completed by the Internal Audit team since the previous progress report to this Committee on 21st January 2010.

RESOLVED that

the report be noted.

55. INTERNAL AUDIT - AUDIT ANNUAL PLAN 2010/11

The Committee received a report that outlined the finalised planned programme of work for Internal Audit for 2010/11.

Officers reported that the programme had been prepared based on a risk assessment of the services provided by the Council. Additionally some key system audits had been included in to be carried out on behalf of the Council's external auditors.

Members were informed that with effect from 1st June 2010 the Council's Internal Audit function would be transferred to Worcester City Council as part of the Worcestershire Enhanced Two Tier (WETT) programme. However, for the first 10 months of this programme the newly created Internal Audit Service has planned to adopt existing approved audit plans already in place in all Councils.

RESOLVED that

the programme of planned audit work for 2010/11 be approved.

56. PARTNERSHIP GOVERNANCE FRAMEWORK AND TOOLKIT

The Head of Legal, Equalities and Democratic Services (Monitoring Officer), Claire Felton, gave a verbal update on the Performance Governance Framework that had been implemented by the Council.

Members were informed that the good practice carried out by the Council would assist Bromsgrove District Council, Worcestershire County Council and other District Council across the County in implementing the Governance Framework.

RESOLVED that

the report be noted.

57. RISK MANAGEMENT UPDATE

Members considered an update of the Council's risk management arrangements in line with the Corporate Risk Management arrangements, together with an update on risk management developments and activity.

The Head of Finance and Resources reported that the Corporate Risk Register comprised 22 risks that were categorised as follows:

- i) 13 considered to be high;
- ii) 6 considered medium; and
- iii) 3 considered low.

Members were informed that the number of 'high' risks had reduced by one increase with a corresponding increase in those categorised as 'low' since her last report. She reported that this was because quarterly budget monitoring showed that the required level of savings for 2009/10 were expected to be achieved at the year end.

Corporate Risks considered to be most significant relate to:

High No	Description
2.	Failure to deliver on the Council's procurement agenda.
3.	Failure to deliver the Asset Management Strategy.
4.	Failure to implement effective business continuity arrangements.
8.	Failure of the Local Strategic Partnership to support corporate objectives.
9.	Failure to identify a suitable, affordable scheme to enhance leisure provision (including options at Abbey Stadium).
24	Failure to manage the impact of job evaluation.

The Executive Director of Finance and Resources reported that Officers were investigating the feasibility of a combined Risk Register for Redditch Borough and Bromsgrove District Councils.

Members were informed that the composition of the Risk Management Monitoring Group would need to be reviewed to take account of appointments made to the Single Management Team. Officers were asked to consider Member involvement on the group.

RESOLVED that

the report be noted.

58. REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND GOVERNANCE COMMITTEE - CHAIR' S REPORT

The Chair of the Committee presented his annual review of the effectiveness of the Audit and Governance Committee.

Officers were asked to arrange a repeat of training on the Statement of Accounts with an invitation to all Councillors.

The Vice-Chair of the Committee thanked the Chair for his report.

RESOLVED that

the report be noted.

59. REVIEW OF THE OPERATION OF THE AUDIT AND GOVERNANCE COMMITTEE - MUNICIPAL YEAR 2009/10

Members were asked to discuss the operation of the Committee during the Municipal Year 2009/10 to identify 'what went well' and 'what could be improved.'

Members felt that training was important but should be relevant and involve Members in problem solving.

Reports should be written in language and terms that are easy to understand.

60. INTERNAL AUDIT - MEMBER SUGGESTIONS FOR FUTURE AUDIT ACTIVITY

Members were asked to identify suggestions for future Internal Audits.

Audit & Governance

Committee

20th April 2010

Members agreed that this should remain as a standard item on the Agenda and that all Councillors be invited to suggest issues that could be included for Internal Audits.

61. COMMITTEE WORK PROGRAMME 2009 - 2011

Members considered the Committee's Work Programme for 2009/11.

RESOLVED that

- 1) the meeting scheduled for 1st June to be rearranged to mid June;**
- 2) the meeting planned for 30th September be moved to 28th September; and**
- 3) Officers amend the programme and report to the next meeting of the Committee.**

The Meeting commenced at 7.03 pm
and closed at 8.40 pm