

## **AUDIT AND RISK COMMITTEE**

**Monday 30 January 2012**

**Present:-** Councillor D Richards – in the Chair

Councillors Blair, Boden, Loades and Waring

Also in attendance Councillor A Howells – Portfolio Holder  
Messrs D Jenkins and T Corcoran – Audit Commission

### **1. APOLOGIES FOR ABSENCE**

An apology was received from Councillor Snell.

### **2. DECLARATIONS OF INTEREST**

There were none.

### **3. MINUTES OF PREVIOUS MEETINGS**

**Resolved:-** That the minutes of the meeting of this committee held on 14 November 2011 be approved as a correct record.

### **4. CORPORATE RISK MANAGEMENT REPORT FOR PERIOD OCTOBER TO DECEMBER 2011**

The Committee considered a report outlining progress made by the Council in enhancing and embedding risk management for the above period, including progress made in managing the identified corporate risks.

Members were also reminded that the Council regularly reviewed and refreshed its risk registers in accordance with the risk management strategy and were provided with details of the Council's most significant risks and, where appropriate, details of the progress made towards mitigating these risks. This had resulted in the risk concerning bad debts to the Council being downgraded.

The report also responded to issues raised at the last meeting about data protection, community centre insurance and Gatedale and included a section on horizon scanning highlighting upcoming or current legislation that may have an impact on the Council. Of particular concern to the Committee was the proposal in the Localism Bill offering increased discounts to tenants applying to purchase their housing association dwellings resulting in the Council receiving less money from sales in those cases where the occupants had been Council tenants at the time of the transfer of their properties to Aspire.

**Resolved:-** (a) That the progress being made in managing the risks identified within the Strategic, Operational, Project and Partnership Risk Registers where applicable be noted.

(b) That the Committee note the new risks that have been identified between October to December 2011.

(c) That the horizon scanning risks listed to bear in mind when making decisions on reports submitted to committees and the effect it may have on the future of the Council be noted.

(d) That the concerns expressed about the reduced income from the sale of former Council houses as indicated above be dealt with in the Corporate Risk Management Report to be submitted to the next meeting.

**5. COMMUNITY CENTRE MANAGEMENT COMMITTEES - CLARIFICATION OF RESPONSIBILITIES**

In response to a request made by the Chair, consideration was given to a report clarifying the current division of responsibilities between the Council and the various community centre management committees. The report had been requested by the Chair following the recent health and safety breaches at one of the Council's community centres.

It was indicated that although there were no formal agreements in place in relation to the use of community centres and the responsibilities of the Council and management committees, an informal arrangement had been in place since 1996 stating:-

- (i) The Council is responsible for maintaining the fabric of the building, including the roof, roof timbers, walls, doors, window frames, electrical gas and water systems, internal and external decorations together with all of the required tests under the statutory testing regime (which includes matters such as gas appliance testing, electrical system testing and, where applicable, legionella testing.
- (ii) The Management Committee is responsible for all other maintenance and repair which includes glass to windows, floor coverings, light bulbs, crockery, furniture and curtains.

The Committee was advised that a comprehensive review of community centres was currently being undertaken by the officers that would seek to address the full range of issues around the operation of the centres including the formalisation and clarification of the responsibilities of local management arrangements for each of them.

**Resolved:-** (a) That the information be received:-

(b) That the respective management committees be advised of the work currently being undertaken to formalise the division of responsibilities relating to the operation of the Council's Community Centres.

(c) That the issue of management of community centres be included in the Risk Register for consideration at the next meeting of this Committee.

**6. ANNUAL AUDIT LETTER 2010/11**

A report was submitted relating to the Annual Audit Letter from the Audit Commission dealing with the Audit of Accounts for 2010/11.

The Audit Commission's Annual Letter summarised the conclusions and significant issues arising from the audit and inspection of the Council for 2010/11 and, once

again, the Commission had issued a very positive report referring to the Council's continued success in managing its finances well.

In respect of the Commission's value for money conclusion, the Auditor gave an unqualified opinion stating that he was satisfied that the Council had, in all respects, made proper arrangements for securing value for money. The Commission had also issued an unqualified opinion on the financial statements for 2010/11 indicating that they contained few errors, that was better than many councils nationally who had experienced difficulties with the introduction of the International Financial Reporting Standards (IFRS).

**Resolved:-** That the Audit Commission's Annual Letter be received.

**7. CERTIFICATION OF CLAIMS AND RETURNS - ANNUAL REPORT**

Consideration was given to a report recommending acceptance of the Audit Commission's Annual Report in respect of the Certification of Claims and Returns for the Borough Council for 2010/11.

**Resolved:-** That the Audit Commission's Annual Report on the Certification of Claims and Returns be received.

**8. INFORMATION SECURITY DVD - "THE DOMINO EFFECT"**

The Committee viewed the above DVD that emphasized the importance of protecting all information assets within the custody of the Council.

It was indicated that all members of staff had been shown the DVD and that further training on protective marking would be delivered at a later date.

**Resolved:-** That the information be received and that consideration be given to showing the DVD to all Members of the Council.

**9. QUARTERLY REPORT: ADOPTION OF INTERNAL AUDIT FUNDAMENTAL RECOMMENDATIONS AND SUMMARY OF ASSURANCE 1 OCTOBER TO 31 DECEMBER 2011**

Consideration was given to a report on outstanding fundamental recommendations and providing Members with assurance opinion on internal controls over Council services.

In the third quarter there were five high risk recommendations due for review, all of which had previously had one target date change and, as such, reported separately to the Chair and Vice Chair of the Committee.

It was also indicated that at the end of the above quarter all Directorates were showing substantial assurance.

**Resolved:-** That the actions of the officers and levels of assurance be noted.

**10. INTERNAL AUDIT PROGRESS REPORT QUARTER 3 2011/12**

The Committee received a report regarding the work undertaken by the Internal Audit section during the period 1 October to 31 December 2011.

Up to the end of December 2011, 827 recommendations had been made of which 746 had been implemented (90%), the target being 96% by the end of the year and it was indicated that due to the follow up work completed by the audit team during quarter 3 there had been a considerable improvement on the recommendations implemented during that quarter (the figure quoted on quarter 2 being 83%).

The annual target for the percentage of audits completed by year end was 90% and to date 45% of the planned audits had been completed against an expectation of 40%.

**Resolved:-** That the report be received.

**11. INTERNAL AUDIT PLAN 2012/13**

The Committee received a report advising Members of the proposed Internal Audit Plan for 2012/13 and seeking approval of its contents. The Committee was also asked to approve reporting arrangements for performance against the 2012/13 proposed Plan.

The Plan provided for 534 audit days based on a full risk assessment of each audit area which considered expenditure, income, management controls, operational procedures, political and legislative influences and the risk of fraud.

The work was to be undertaken by the Internal Audit staff as identified at the beginning of the year.

**Resolved:-** (a) That the Internal Audit Plan for 2012/13 be approved.

(b) That the reporting arrangements as set out in the report be continued.

**12. REVIEW OF INTERNAL AUDIT STRATEGY AND THE INTERNAL AUDIT SECTION TERMS OF REFERENCE 2012-2015**

Consideration was given to a report seeking approval to the revised Internal Audit Strategy and Terms of Reference which had been received as part of the Audit Planning process for 2012/13.

The updated strategy covered the period 2012 to 2015 as set out on how Internal Audit would contribute to the Council's review of corporate governance arrangements, risk management processes, key internal control systems and how assurance for the annual statements on internal control would be demonstrated. It also established the resources and skills required for its delivery and allocation of audit work.

The Terms of Reference for Internal Audit had also been reviewed and updated in accordance with the Code of Internal Audit Practice.

**Resolved:-** That the Internal Audit Strategy 2012 to 2015 and the Internal Audit Section's Terms of Reference be approved in their revised forms.

**D RICHARDS**  
**Chair**