

## **AUDIT AND RISK COMMITTEE**

Monday, 15th July, 2013

<b>Present:-</b>	Councillor Paul Waring – in the Chair
Councillors	Loades, Mrs Peers, Mrs Cornes and Hambleton
Officers	Mark Bailey (Head of Business Improvement and Partnerships Items 1-7 only) Liz Dodd (Audit Manager) Dave Roberts (Head of Finance) Nester Henshaw (Head of Environmental Health Services Items 1-6 only) Kelvin Turner (Executive Director Resources and Support Services) Martin Stevens (Democratic Services Officer) Louise Stevenson (Scrutiny Officer)
External	John Gregory (Grant Thornton) David Jenkins (Grant Thornton)

### **1. APOLOGIES**

An apology for absence was received from Cllr Elizabeth Shenton.

### **2. MINUTES OF LAST MEETING**

The minutes from the meeting held on 15 April 2013 were confirmed as a correct record.

### **3. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **4. AUDIT COMMITTEE - TERMS OF REFERENCE**

The Executive Director for Resources and Support Services stated the Terms of Reference had been included within the agenda to remind members of the full remit of the committee and of their roles and responsibilities in relation to the type of reports presented to them.

**RESOLVED:** That the Terms of Reference be noted.

### **5. AUDIT COMMITTEE - PLAN OF WORK 2013/14**

The Audit and Risk Committee Plan of Work 2013/14 was received by the Committee.

**RESOLVED:** That the Audit and Risk Committee work plan be noted.

### **6. HEALTH AND SAFETY ANNUAL REPORT**

The Head of Environmental Health Services presented the Health and Safety Annual Report. She gave a summary of the key areas contained within the report. A Member requested that there should be a meeting to discuss the health and safety checks on community centres and that more information on this particular area should be provided.

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

## 7. **CORPORATE RISK MANAGEMENT**

The Head of Business Improvement and Partnerships presented a report on the Corporate Risk Management Policy. He stated that every quarter the Committee received a report on the position regarding risks. The risk management policy set out how the Council dealt with risk management including how they were identified and how the Council responded to them. The policy was normally reviewed on an annual basis. Risks were scored according to their likelihood of occurrence and their potential impact. They were then colour coded accordingly. There were a number of minor changes requiring approval. He hoped next year to make some of the policy more user friendly. Whilst he recognised that the document was lengthy sometimes it was necessary to convey information in its entirety.

A Member asked if any changes were required to the policy since the increase of Police using Civic Offices. In response the Head of Business Improvement and Partnerships stated that the risks relating to them using the site were picked up by the process.

**RESOLVED:**

- A) That the updated Risk Management Policy and Strategy found at Appendix 1 be noted.
- B) That the minor changes as listed on the documents appended be approved.
- C) That reports be kept as short and concise as possible and good use be made of training sessions to help negate the need for lengthy reports.

## 8. **TREASURY MANAGEMENT REPORT 2012/13**

The Executive Director for Resources and Support Services presented the Treasury Management Annual Report for 2012/13. He stated that there were certain parts of the report that were not written by Officers of the Council but by the Council's treasury management advisors. The part in the report relating to the national economy he cited as an example.

A Member questioned the inclusion of quarter 4 2014 on page 75 of the report. It was confirmed that the year 2014 should be deleted.

**RESOLVED:**

- A) That the Treasury Management Annual Report for 2012/13 be noted.
- B) That the Actual Prudential Indicators contained within the report be noted.

## 9. **DRAFT STATEMENT OF ACCOUNTS 2012/13**

The Chair stated that Members had a significant time to review the draft statement of accounts for 2012/13 but the capital expenditure incurred during 2012/13 did need to be approved. The Executive Director for Resources and Support Services stated that 95% of the detail and format of the accounts was prescribed by CIPFA. CIPFA were in turn required to meet the International Financial Reporting standards. CIPFA at a recent conference he had attended had endeavoured to undertake an exercise to see if anything could be done to make them simpler without contravening the international standard. The covering report to the accounts had tried to make them more understandable.

The Head of Finance gave a full summary of the main points relating to the accounts. Cllr Loades asked whether the changes to the staff pension scheme regarding the automatic opt-in would make any difference to the pension liabilities. The Head of Finance undertook to give a written response as he would have to study the relevant information.

**RESOLVED:**

- A) That the contents of the draft Statement of Accounts for 2012/13 be noted.
- B) That the financing of capital expenditure incurred during 2012/13 as set out in Appendix 2 of the report be approved.

**10. EXTERNAL AUDIT PLAN 2013/14**

A representative from Grant Thornton stated that he shared the view that the way the annual accounts had to be presented caused confusion to the lay person. The format of the external audit plan had been revised. The significant risks that had been identified were generic risks which all organisations faced. These included the potential for management override of established financial controls. The Executive Director for Resources and Support Services stated that Officers had gone through the plan and were happy with the document.

**RESOLVED:** That the External Audit Plan for 2012/13 be approved.

**11. GRANT CERTIFICATION WORK PLAN**

The representative from Grant Thornton stated that various grant paying bodies required external certification of claims for grant or subsidy and returns of financial information. There were two areas which they audited, the housing and council tax benefits scheme and the national non-domestic rates return. He was not expecting any particular issues.

**RESOLVED:** That the Grant Certification Work Plan be approved.

**12. ADOPTION OF INTERNAL AUDIT HIGH RISK RECOMMENDATIONS AND SUMMARY OF ASSURANCE 1 JANUARY TO 31 MARCH 2013**

The Audit Manager stated that she was pleased to report that there were no high risk recommendations outstanding at the end of the fourth quarter. A summary of the assurances and outstanding audit recommendations for the last quarter could be found at Appendix A.

**RESOLVED:** That the action of Officers and level of assurance be noted.

13. **INTERNAL AUDIT SECTION - ANNUAL REPORT 2012-13**

The Audit Manager stated that Internal Audit had maintained a high level of productivity, 85% against a target of 74%, with 91% of the audit plan having been completed. The percentage of Internal Audit recommendations implemented by Officers had increased to 91% against a target of 95%. Appendix A to the report provided more detail on the work undertaken by the section.

A Member asked if some information could be provided regarding the process for dealing with high risks. The Audit Manager briefly described the process but undertook to give a training session on the subject.

**RESOLVED:**

- A) That the Internal Audit Section for 2012-13 be received.
- B) That a future Audit training session include a section on the process for dealing with high risks to the organisation.

14. **REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE**

The Audit Manager stated that she had emailed Members in the previous week with a link to the information she had put on the Members' area on the Council's Intranet system. This information was the evidence required in accordance with CIPFA checklist for measuring the effectiveness of the Audit Committee. The results of the self assessment showed that the Audit Committee was effective and could be relied upon when considering the Annual Governance Statement for 2012/13.

**RESOLVED:** That the report outlining the findings from the review of the effectiveness of the Audit Committee for 2012/13 be noted.

15. **REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

The Audit Manager presented a report on the review of the effectiveness of the System of Internal Audit. A self assessment check list from CIPFA's Code of Practice for Internal Audit was completed annually. With effect from 1 April 2013 the CIPFA Code of Practice for Internal Audit in Local Government had been replaced with a new set of standards. The internal review had showed that the system of Internal Audit was operating effectively and could be relied upon when considering the Annual governance Statement for 2012/13.

**RESOLVED:** That the report outlining the findings from the review of the effectiveness of the system of Internal Audit 2012/13, together with the action plan be agreed.

16. **ANNUAL GOVERNANCE STATEMENT**

The Audit Manager stated that under the Accounts and Audit Regulations the Council was required to publish an Annual governance Statement. Details of the evidence

relied upon when collating the statement had been placed in the members area on the Council's Intranet site and could also be made available by contacting her direct.

**RESOLVED:** That the Annual Governance Statement 2012/13 (AGS) be approved.

17. **URGENT BUSINESS**

There was no urgent business within the meaning of section 100 (4) of the Local Government Act 1972.

**COUNCILLOR PAUL WARING**  
**Chair**