

AUDIT AND RISK COMMITTEE

Monday, 26th September, 2011

Present:- Councillor Dennis Richards – in the Chair

Councillors S Blair, E Boden and P Waring

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Loades and Snell.

2. MINUTES OF PREVIOUS MEETINGS

Resolved:- That the minutes of the meetings of this Committee held on 5 and 28 July 2011 be approved as correct records.

3. FUTURE TRAINING FOR COMMITTEE MEMBERS

Prior to the commencement of the formal business for the evening, the Chair sought approval for training sessions to be incorporated as items on the agendas for future meetings, thereby departing from the current practice of holding sessions immediately before each meeting which some Members found difficult to attend due to work and other commitments.

Members agreed that in future, training for Committee members be arranged as detailed above with the chosen topics being linked to items included in the Committee's agreed work plan for each meeting with training on fraud and the emerging Bribery Act be given at the next meeting of the Committee.

4. PRESENTATION - STOKE-ON-TRENT AND STAFFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP

The Council's Executive Director – Regeneration and Planning gave a presentation on the work of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (LEP) that had been in existence for 12 months.

The LEP provided a solid local focus for economic regeneration, representing local businesses in pushing for a better business deal for the area.

The LEP was forging partnerships between business, the public sector, community enterprises and other partners including higher and further education to deliver economic growth and success by attracting substantial inward investment and improving skills development locally.

Resolved:- That the information be received.

5. STATEMENT OF ACCOUNTS 2010/11 AND EXTERNAL AUDITOR'S GOVERNANCE REPORT (217/12)

Reference was made to the Committee's previous discussions on this matter and consideration was given to a report asking it to:-

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- (i) receive the 2010/11 Statement of Accounts for scrutiny and approval;
- (ii) receive the Audit Commission's Governance Report; and
- (iii) agree the Letter of Representation to the Auditor.

Copies of the earlier report to the Committee, the 2010/11 Statement of Accounts, the Annual Governance Report and proposed Letter of Representation were presented to the Committee as appendices to the officers' report.

Mr Jenkins of the Audit Commission updated Members on the issues arising from the Governance Report for 2010/11 indicating that the Statement of Accounts had, once again, been well presented and that the Council had in place good internal arrangements for securing financial resilience and challenging how it secured economy, efficiency and effectiveness.

Although a number of minor amendments to the Statement of Accounts had been agreed with the Audit Commission, reference was made to a further two amendments suggested by the Commission that, for the reasons outlined in the report, were not to be made.

- Resolved:-**
- (a) That the 2010/11 Statement of Accounts be received.
 - (b) That the Annual Governance Report for 2010/11 be received.
 - (c) That the Letter of Representation reflecting the decision not to accept two of the amendments suggested by the Audit Commission to the Statement of Accounts be approved for signature by the Council's Section 151 officer.

6. QUARTERLY REPORT: ADOPTION OF INTERNAL AUDIT FUNDAMENTAL RECOMMENDATIONS AND SUMMARY OF ASSURANCE 1 APRIL TO 30 JUNE 2011

Consideration was given to a report on outstanding high risk recommendations and, where necessary, seeking the Committee's approval to the Executive Director's requested actions in respect of such recommendations and proposed target dates.

Members were reminded that high risk recommendations were those agreed with management that were key controls in providing assurance as to the efficiency and effectiveness of the system, service or process under review.

It was indicated that in the first quarter to June 30 there were 15 high risk recommendations due for review of which 8 were at their first follow up date. There were 7 recommendations that had received a first target date change and these had been referred separately to the Chair and Vice Chair of the Committee.

A copy of the Assurance Summary for June 2011 was attached as an appendix to the Committee report. In conclusion, it was indicated that three Directorates were showing Limited Assurance at the end of the first quarter, whilst Regeneration and Development Services had an Assurance Opinion of Substantial. Accordingly, there were no issues of concern in relation to any outstanding recommendations within any of the Directorates.

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

7. INTERNAL AUDIT PROGRESS REPORT - QUARTER 1 2011/12

The Committee received a report summarising the work undertaken by the Internal Audit Section during the period 1 April to 30 June 2011.

Up to the end of June 2011, 713 recommendations had been made of which 613 had been implemented (86%), the target being 96% by the year end.

Productivity at the end of quarter 1 was 81% which was higher than the target figure of 74%.

Resolved:- That the information be received.

8. CORPORATE RISK MANAGEMENT REPORT FOR THE PERIOD APRIL TO JUNE 2011

A report was submitted detailing progress made by the Council in enhancing and embedding risk management for the above period including progress made in managing the identified corporate risks.

It was indicated that the Council currently reviewed its extreme risks at least monthly and its high risks at least quarterly with the last review being reported to the Committee in April 2011.

Details of the Council's most significant risks were highlighted together with the newly identified risks. It was indicated that further progress had been made towards mitigating these risks during quarter 1 in a variety of areas which had resulted in some risks moving closer to being reclassified or downgraded.

In accordance with an earlier resolution of the Committee, the officers' report included a section on horizon scanning that set out a list of 'risks on the horizon'. It was indicated that although not exhaustive, the list did highlight issues that could potentially affect the Council and its practices in the coming months/years although some of them were beyond the Council's control.

Members agreed that the list provided useful information and asked that possible risks associated with the expected enactment of the Localism Bill and other emerging legislation be added to it, together with the potential risks associated with the Stoke-on-Trent and Staffs Local Enterprise Partnership (LEP).

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

(b) That the new risks identified between April to June 2011 as set out in the appendix to the officers' report be noted.

(c) That the risk profile for the Stoke-on-Trent and Staffordshire Local Enterprise Partnership be considered at the next meeting of this committee.

(d) That the horizon scanning risks listed in the officers' report as well as risks relating to the Localism Bill, other emerging legislation and the LEP be borne in mind when making decisions on reports submitted to Committees and the effect it may have on the future of the Council.

COUNCILLOR DENNIS RICHARDS
Chair