

AUDIT AND RISK COMMITTEE

Thursday 27 September 2012

Present:- Councillor P Waring – in the Chair

Councillors Miss Baker, Jones, Loades and Turner

Also in attendance:

Phil Butters – Independent Member

David Jenkins – District Auditor

Tony Corcoran – District Auditor

1. APOLOGIES

An apology for absence was received from Councillor Mrs Peers.

2. DECLARATIONS OF INTEREST

There were none.

3. MINUTES OF PREVIOUS MEETING

Resolved:- That the minutes of the last meeting of this Committee held on 24 July 2012 be approved as a correct record subject to the deletion of “occurred “ in the first line of the final paragraph to minute 13 and its substitution with the word “accrued”.

4. CORPORATE RISK MANAGEMENT REPORT FOR THE PERIOD APRIL TO JUNE 2012

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

Members were reminded that the previously adopted risk management process had been reviewed to incorporate changes in the way the Council worked and to provide continuity and streamlined reporting of risks to the necessary stages so that it became embedded at each level of the Authority. This, it was stated, would further develop the identification of key risks that potentially threatened delivery of the corporate priorities.

It was also stated that the new Strategy would provide a formal and proportionate framework to manage identified risks and reduce the Council's exposure.

The Council regularly reviewed and refreshed its risk registers in accordance with the risk management strategy, a process that was co-ordinated by the Strategic Risk Champion working closely with Directors, Operational Risk Champions and the Risk Owners.

Following the most recent review, it was indicated that through good risk management an issue relating to ICT Systems failure, mainly at Kidsgrove Town Hall, had been resolved.

The officer's report, within the Horizon Scanning Section, also provided a list of emerging legislation that could have an impact on the Council. It was agreed that where appropriate, other Council committees should be given the opportunity to consider the implications of the legislation where it affected its work.

In conclusion, and in response to discussions at the last meeting, the report also provided details of how embedded risk was at the Council including details of risk management training for appropriate officers and the Committee's Chair and Vice-Chair and regular communication with officer groups and committees. The management of risk was undertaken by the respective officers responsible for the risk profile, of which there were currently 107 held on the Council's GRACE system, and was then followed through on the review and communication process as detailed in the strategy.

Despite these positives, it was indicated that there were some areas still requiring attention. Of particular concern was that of the 103 Cabinet reports considered in 2012, only 4 had risk profiles against them and that not all of the Council's major strategies had risk plans. Although Members were advised that not all Cabinet items required risk profiles to be prepared, it was agreed that the importance of such profiles in reports, where appropriate, should be stressed to the Council's employees.

In answer to a question from a Member, it was stated that the number of risks quoted above was a typical figure for an authority of this size.

Resolved:- (a) That the report be received and the new risks identified between April and June 2012 be noted.

(b) That the Council's officers be advised of the importance of the inclusion of risk profiles in committee reports.

(c) That, where appropriate, details of existing and emerging legislation be the subject of reports to the Council's committees for consideration.

5. INTERNAL AUDIT PROGRESS REPORT - QUARTER 1 2012/13

The Committee received a report regarding the work undertaken by the Internal Audit Section during the period 1 April to 30 June 2012 (Quarter 1). The report also invited the Committee to raise any issues with the Cabinet and/or Executive Directors.

It was indicated that the Internal audit Plan for 2012/13 allowed for 534 days of work and Members were advised that this first progress report for the above period concentrated on:

- Actual against planned performance demonstrating progress against the plan.
- Details of audit reviews completed and final report issued.
- Consulting a non-audit work, including corporate work.

Details of how progress made against the plan was measured were set out in the officer's report and it was indicated that productivity at the end of Quarter 1 was 72%, slightly below the target of 74%.

Up to the end of June 2012, 348 recommendations had been made of which 279 had been implemented (80%), the target being 96% by the end of the financial year. It

was stated that with 80% of all recommendations implemented this provided a good indication that managers were responding in a positive way.

Details of the type of recommendations made were set out in the officer's report together with information about the audit reviews leading to those recommendations being made.

Resolved:- That the information be received.

6. QUARTERLY REPORT: ADOPTION OF INTERNAL AUDIT FUNDAMENTAL RECOMMENDATIONS AND SUMMARY OF ASSURANCE 1 APRIL TO 30 JUNE 2012

Consideration was given to a report on outstanding high risk fundamental recommendations and providing Members with an assurance opinion on internal contracts over Council Services.

High risk recommendations were explained as those where it was imperative to ensure that the Authority was not exposed to high risks with appropriate action being required to be implemented within 1 month of the recommendation being agreed with managers.

It was indicated that in the first quarter, there was only one high risk recommendation due for review and was at its first follow-up date with no further action being required at this stage.

A copy of the Assurance Summary for March 2012 was appended to the officer's report.

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

7. FIGHTING FRAUD LOCALLY - THE LOCAL GOVERNMENT FRAUD STRATEGY

Consideration was given to a report announcing the publication by the National Fraud Authority of the above strategy that dealt with key risks and pressures facing local government. It also identified good practice in fighting fraud and where Councils should review their current arrangements.

The main focus of the strategy was set out in the report to committee and it was indicated that the strategy was helpful in providing a range of tools to enable local authorities to deal with fraud.

Members were reminded that the Council had its own policies and procedures in place to deter and prevent fraud and that work was being done, using the checklist from the strategy, to ensure that they were fit for purpose and complied with the Strategy. Benchmarking arrangements were also in place to enable the Council to liaise with other local authorities and allow us to review and compare our policies, procedures and resources and to share best practice.

In receiving the report, the committee felt that it would be useful to receive details of the outcomes of investigations or complaints that had been undertaken following the Council's policy for whistleblowing.

Resolved:- (a) That the report be noted.

(b) That the question of reporting details of investigations undertaken as a result of the implementation of the Council's whistleblowing policy to this committee be looked at by the officers.

8. STATEMENT OF ACCOUNTS 2011-12 AND EXTERNAL AUDITOR'S GOVERNANCE REPORT

Consideration was given to a detailed report asking the committee to:-

- (a) Approve the Statement of Accounts 2011/12;
- (b) Receive the Audit Commission's Governance Report; and
- (c) Agree the Letter of Representation to the Auditor.

Mr Corcoran of the Audit Commission updated the committee on the issues arising from the Governance Report for 2011/12 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.

A very small number of minor amendments to the Statement of Accounts had been agreed with the Auditor and these were detailed in the Annual Governance Report. None of the amendments changed the amount or the negative variance on the General Fund Revenue Account (£162,808) as reported to the committee in July.

The Council was complimented on the Jubilee 2 project and its work on Heritage Assets and it was indicated that the Council appeared to be on target to recover up to 95% the amount originally invested with the Heritable Bank.

Resolved:- (a) That the Statement of Accounts 2011/12 be approved and signed by the Chairman.

(b) That the Annual Governance Report 2011/12 be received.

(c) That the letter of Representation be approved for signature by the Council's Section 151 officer.

(d) That the officers be congratulated on their excellent work leading to presentation of the Statement of Accounts for 2011/12.

**P WARING
Chair**