

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Tuesday, 30th March 2010 at 6.00 pm in the Reception Suite, Civic Offices, Telford

PRESENT: D.Wright (Chairman), I.T.W.Fletcher (Vice-Chairman), R.K.Austin and L.Lomax.

OTHER MEMBERS PRESENT: Councillor S.M.Kelly – Cabinet Member: Efficient Community Focussed Council, Councillor D.R.W. White – Chairman Scrutiny Leadership Board.

OFFICERS PRESENT: Jonathan Eatough – Head of Governance, Jenny Marriott – Audit & Risk Manager, Fiona Bottrill – Scrutiny Manager, Phil Griffiths – Democratic Services Manager.

AUC-60 MINUTES

RESOLVED – that the minutes of the meetings of the Audit Committee held on Tuesday 2nd February and 10th February 2010 be confirmed and signed by the Chairman.

AUC-61 APOLOGIES FOR ABSENCE

Councillors J.A.Dixon and H.J. Unwin.

AUC-62 DECLARATIONS OF INTEREST

None

AUC-63 KPMG FINANCIAL STATEMENTS AUDIT PLAN – MARCH 2010

Andrew Cardoza, Senior Manager KPMG LLP (UK) and Michael Evans, Assistant Manager KPMG LLP (UK), presented the Financial Statements Audit Plan. The plan described how KPMG would deliver its financial statements audit work for the Council which supplemented the Audit Fee Letter which had been presented to the Council in April 2009. The Audit Commission's code required KPMG to fulfil two objectives;

- To review and report on the Council's Financial Statements (including the Annual Governance Statement)
- To review and report on the Council's Use of Resources

Peter Evans described the risk based control approach of the audit and went on to outline details of the procedures and evaluations contained within the audit. He went on to discuss the five areas identified as key audit risks;

- Private Finance Initiative
- Fixed Asset Valuation
- Single Status
- SORP Changes
- Accounts Production

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In closing, he drew Members' attention to the key dates contained within the plan's audit timeline.

AUC-64 USE OF RESOURCES AND EFFICIENT COMMUNITY FOCUSED COUNCIL

Councillor S.M. Kelly, Cabinet Member: Efficient Community Focused Council, appraised Members on the Use of Resources assessment. The assessment, scored on a level of 1 to 4 had been at Level 2. He noted that there were a number of positive outcomes from the assessment. In particular, he highlighted the excellent results for Adult Social Care. There were also areas with room for improvement. He noted that GCSE performance in English and Maths was below the national average.

In response, Andrew Cardoza told Members that there were areas of very good practice together with some areas requiring significant improvement. However, no areas had been rated at 1 and some of the high performing areas were good 3's. Referring to the assessment of educational attainment, he told Members that the key areas were infrastructure improvements and improvements in teaching quality.

Councillor S.M. Kelly told Members progress had already been made in the area of Young People not in Employment, Education or Training (NEETS). Andrew Cardoza told Members that an overall assessment of 2 was a good performance in terms of the delivery of services. Councillor S.M. Kelly noted that assessments of Council performance had only recently become output focussed. He informed Members that further significant efficiency savings were required in future years. The recently introduced 'Make a Difference' scheme was one of a number of initiatives aimed at improving the efficiency of services. In response to a question on the risks of borrowing requirements for capital projects he told Members that these risks had been carefully identified. The timing of when to dispose of assets was dependent on prevailing market conditions but borrowing had been prudent for investment schemes that would make a difference for the communities of the Borough.

AUC-65 REVIEW OF OPERATION AND EFFECTIVENESS OF THE REVISED SCRUTINY ARRANGEMENTS

Councillor D.R.W. White, Chairman of the Scrutiny Leadership Board, told Members that the year had been both difficult and challenging for Scrutiny. He drew Members' attention to the excellent work on the provision of Hospital Services and to the work on the 'Make a Difference' scheme. He noted that the report from Professor Leach (attached as Appendix 2) had concluded that the current Scrutiny arrangements needed to be strengthened in terms of holding the Executive to account and providing more accountability to the Council's priorities. He told Members that it had been difficult for Scrutiny to track the developing Corporate priorities but that the Scrutiny team were more than able to adapt to changing circumstances. He asked Members to note that Professor Leach's report showed a preference for issue or service based sub-groups. The Scrutiny Manager drew Members attention to the 4 principles of good scrutiny promoted by the Centre for Public Scrutiny. She also highlighted

that it was important that the Council was able to participate in the Joint HOSC with Shropshire Council in order to consider the proposals on the reconfiguration of hospital services. Members raised concerns regarding the provision of interim Scrutiny arrangements until a final structure was approved.

RESOLVED – that Members of the Audit Committee feel that it is of great importance that Joint Health Scrutiny, Value For Money Scrutiny and Corporate Parenting Committees are retained in their current form until a final Scrutiny structure is agreed.

AUC-66 INTERNAL AUDIT PLAN & STRATEGY 2010/2011

The Audit & Risk Manager presented the report of the Chief Financial Officer which sought approval for the Internal Audit Plan 2010/11 and strategy for 2009/10 – 2011/12. The Internal Audit Strategy had been reviewed in the light of organisational changes. Under the Accounts and Audit Regulations 2003, Internal Audit provided part of the assurance on the Council's internal controls reported within the Annual Governance Statement.

RESOLVED – That Members of the Audit Committee approve the Internal Audit Plan 2010/11 and Strategy for 2009/10 – 2011/12 (updated for 2010/11) attached as Appendices A and B to the report.

AUC-67 RESULTS OF THE SURVEY ON THE EFFECTIVENESS OF THE AUDIT COMMITTEE

The Audit & Risk Manager presented the report of the Head of Governance which provide Members with the results of the survey to review the effectiveness of the Audit Committee. The Audit & Risk Manager highlighted areas were at the same level, or marginally below, those recorded in the last survey which had been conducted two years previously. The updated Terms of Reference for Audit Committee were due to be approved at Full Council in April 2010, the issue of timely papers had been raised and addressed whilst External Auditors had been invited to attend all meetings but had only attended where relevant reports were presented.

A number of Members raised concerns that, following recent changes to the membership of the Committee, there was a requirement for more accountancy and audit expertise on the Committee. Members asked the Audit & Risk Manager to develop a process and job description for the selection and co-option of a suitable person to the Committee. This information, if possible, should be presented to the next meeting of the Committee.

RESOLVED;

- a) That Members note the results of the survey
- b) That the Audit & Risk Manager develop a process, including a draft job description, for the selection and co-option of a person with relevant accountancy and/or audit experience to the Audit Committee.

AUC-68 UPDATE ON THE SPEAK UP POLICY ACTIVITY 2009

The Audit & Risk Manager presented a verbal update on the Speak Up Policy 2009. There were no formal referrals for the period January – December 2009. In response to a question, the Audit & Risk Manager confirmed that only enquiries specifically referring to the Speak Up Policy were recorded.

RESOLVED – That Members note the Speak Up Policy activity during 2009.

AUC-69 DATES OF FUTURE MEETINGS

The Committee noted the dates of the meetings of the Committee that were scheduled for the 2010/11 Civic Year were Monday 28th June 2010, Tuesday 27th July 2010, Tuesday 21st September 2010, Tuesday 2nd November 2010, Tuesday 1st February 2011 and Tuesday 29th March 2011 with all meetings scheduled to commence at 6.00 pm.

The meeting ended at 7.46 pm.

Chairman:

Date: