

**MINUTES OF THE AUDIT COMMITTEE**  
**22 SEPTEMBER 2011**

**Present:**

Councillor Mrs M.J. Madams (Chairman)

Councillors:

A.E. Friday

D. Patel

C.V. Strong

**Apologies:** Councillor Ms P.C. Forbes-Forsyth, Mrs D.L. Grant and A.C. Patterson

**248/11        MINUTES**

The minutes of the meeting held on 23 June 2011 were approved as a correct record.

**249/11        ANNUAL GOVERNANCE STATEMENT**

The Chief Finance Officer presented his [report](#) and outlined the content of the Annual Governance Statement (AGS) 2010-11. The Statement reviewed arrangements for corporate governance and internal control as required by the Accounts and Audit Regulations 2006.

The AGS also identified any areas of significant weakness in internal controls, and areas for improvement, and the actions taken to remedy these.

The Chief Finance Officer gave an update on the two significant governance issues identified in the AGS as outstanding at 31 March 2011, relating to the implications of the government's plans to reform the benefits system and the Council's project management arrangements.

**RESOLVED** that the draft Annual Governance Statement at Appendix 1 to the report of the Chief Finance Officer be approved and that the improvement actions identified in the Statement be endorsed.

**250/11        EXTERNAL AUDIT REPORT ON 2010/11 AUDIT AND STATEMENT OF ACCOUNTS**

The Chief Finance Officer reported that external auditors appointed by the Audit Commission, KPMG, were required, in accordance with international auditing standards, to report annually to the Council on:

- Their opinion on the [Statement of Accounts](#)
- Any uncorrected items in the Statement of Accounts
- Qualitative aspects of the Council's accounting practices and financial reporting
- The Annual Governance Statement
- Their annual Value for Money conclusion

They also reported annually on their audit of the Council's accounting and internal control systems.

Andy Sayers, on behalf of KPMG presented the [report](#) and responded to Members' questions. He advised that as the outstanding areas to finalise the accounts would not give rise to significant issues, KPMG anticipated issuing an unqualified audit opinion by 30 September 2011. He thanked officers for their efficient responses to audit queries and for the work that the internal audit team carried out on their behalf.

The Audit Committee thanked the officers for their time and effort, recognising the large amount of work that had been undertaken to produce the Statement of Accounts in compliance with International Financial Reporting Standards for the first time this year.

**RESOLVED that:**

1. the External Auditor's 2010/11 audit report be noted;
2. the Chief Finance Officer sign the letter of representation (as attached to appendix 5 of the Auditors' report);
3. the Chief Finance Officer and Chairman of the Committee sign the statement of accounts and
4. the draft officer responses to the recommendations made in Appendix 1 of the Auditors' report be noted.

**251/11**      **CORPORATE RISK MANAGEMENT**

The Senior Auditor reported that the [Corporate Risk Register](#) had undergone its regular quarterly review and update by the Corporate Risk Management Group to ensure that actions were being taken to deal with the identified risks. The revised Register was considered to be an accurate reflection of the high level risks affecting the Authority as well as the progress made on actions previously proposed. She highlighted one area which had not been fully addressed relating to the update of the Emergency Plan.

Members raised a query on how the Emergency Plan addressed the risk of flooding and whether information to explain the plans the Council had in place could be made available to the public on the website.

The Assistant Chief Executive explained that multi-agency plans were in place to respond to flooding but that the Council's Emergency Plan officer would be asked to provide a more detailed response to be circulated to the Committee.

Members queried whether A2D should be included on the risk register in relation to its maintenance of social housing.

The Head of Audit Services agreed to raise this matter with the Corporate Risk Management Group and report back to the Committee.

**RESOLVED** that the contents of the Corporate Risk Register be noted and accepted.

**252/11**      **ANNUAL REVIEW OF THE SYSTEM OF INTERNAL AUDIT**

The Head of Audit Partnership presented her report which reviewed the system of internal audit and was a statutory requirement of the Accounts and Audit Regulations. There were no nationally set indicators relating to this review, so the following measures had been used to provide assurance that

there was an effective system of Internal Audit: meeting the aims and objectives of the Audit Plan; compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2006; external audit assessment; adding value; achievements and the Improvement Plan.

The Chairman expressed her personal thanks to the internal audit team and commended them for their work and achievements in assisting the Council during the current period of financial restraint.

**RESOLVED** that the annual review of the system of internal audit be noted.

**253/11**        **COMMITTEE WORK PROGRAMME 2011/12**

The Committee considered its Work Programme for the remainder of the 2011/2012 municipal year.

The Committee discussed concerns relating to the risk management arrangements of A2D and wished to add this to their work programme subject to the Chairman liaising with the Chairman of Overview and Scrutiny Committee on the work her Committee were undertaking on this same matter.

**RESOLVED** that the Committee Work Programme for the remainder of the 2011/2012 municipal year be approved, with the addition of consideration of risk management arrangements at A2D, subject to any review being carried out by the Overview and Scrutiny Committee.