

MINUTES OF THE AUDIT COMMITTEE

24 SEPTEMBER 2009

Present:

Councillor D.L. McShane (Chairman)
Councillor S.J. Rough (Vice-Chairman)

Councillors:

M.L. Bouquet L.E. Nichols

Apologies: Councillors H.R. Jaffer and H.A. Thomson

307/09 MINUTES

The minutes of the meeting held on 25 June 2009 were approved as a correct record.

308/09 MATTERS ARISING FROM THE MINUTES DATED 25 JUNE 2009

The Committee agreed to take the update on Minute 215/09 regarding the progress of the Health and Safety review of leased assets during the agenda item on the Corporate Risk Register.

309/09 EXTERNAL AUDIT REPORT ON 2008/09 STATEMENT OF ACCOUNTS, USE OF RESOURCES AND GOVERNANCE

The Deputy 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 audit opinion of the Statement of Accounts
- Any uncorrected items in the Statement of Accounts
- Qualitative aspects of the Council's accounting practices and financial reporting
- Use of Resources scores
- 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.

In the absence of the Chief Finance Officer due to illness, officer responses to the External Auditor's recommendations (Appendix 6 to KPMG's report) were not available at the time of the meeting but would be circulated in due course.

Neil Thomas, on behalf of KPMG presented the report and responded to Members' questions. He highlighted points in the summary of findings and explained the change in scoring for Use of Resources. He commended the

authority for its Internal Audit work, which KPMG did not have to duplicate as it was able to rely upon this work entirely.

In response to a request from a member, the Deputy Chief Finance Officer agreed to re-word paragraph 2.8, bullet point 4 of the Report of the Chief Finance Officer, which had been extracted from the External Auditor's report, to provide more clarity. This would be incorporated in the minutes. The re-worded bullet point circulated to the Committee was as follows:

"The impairment of £1031K of non enhancing capital expenditure was not reflected in the Fixed Asset accounts. An adjustment was required to gross up the value of fixed assets to reflect the non enhancing capital expenditure and then write out this impairment charge to the Capital Adjustment Account. This adjustment had no effect on the Income and Expenditure balance".

RESOLVED:-

1. That the Assistant Chief Executive, in his role as statutory Chief Finance Officer, and the Chairman of the Audit Committee be authorised to sign the draft letter of representation as set out in Appendix 7 of the auditors' report ;
2. That Appendix 6 to the External Auditor's Report be circulated to the Committee; and
3. That the re-worded bullet point 4 in paragraph 2.8 of the Report of the Chief Finance Officer be circulated to the Committee and recorded in these minutes.

310/09 CORPORATE RISK MANAGEMENT

The Senior Auditor reported that the Corporate Risk Register had undergone its quarterly review and update by the Corporate Risk Management Group to ensure actions were being taken on 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 summarised the progress which had been made in a number of areas on actions proposed at the last review to address high risks. Where target dates were overdue an explanation for this had been provided with a revised target date.

The Senior Auditor gave details of four areas where risks had not yet been fully addressed. Actions relating to: service plans for Environmental Health and Building Control; risk assessment for contaminated land; health and safety review of leased assets and corporate training on contract management were being addressed but there was still scope for further progress.

She gave an update on the progress of the Health and Safety review of leased assets. She reported that letters had been sent to the 43 identified and prioritised sites with a request that questionnaires be returned by end December 2009. The risk of each leased asset would be evaluated from the completed response and appropriate further action taken. If organisations did

not respond to the questionnaire they would be classified as high risk and this would trigger a follow up visit.

In relation to the risk assessment for contaminated land (Environment risk) she advised that the Environmental Health Manager was submitting a report to the October Cabinet meeting.

In relation to section 10 of the Risk Register (Partner/Contractor/Commercial), a member asked for clarification on the use of the term, "significant partnerships". The Head of Audit Services explained that National Guidance on scoring Partnerships on their "significance" was provided by CIPFA and she agreed to circulate the template of a scoring matrix which was used to assess the audit partnership at Elmbridge, to illustrate best practice in this area, to Committee members.

In relation to section 12 of the Risk Register (Environment), a member asked to see the minutes of the Delivery board which had met recently to consider delivery of National Indicator 188 on Climate Change. The Senior Auditor agreed to circulate the minutes to the Committee.

The Committee raised concerns about the continuing delay in progressing actions relating to two areas of the highest level of risk in the Risk Register; preparing a risk assessment for Contaminated Land and preparing a procedure document to clarify health and safety responsibilities and arrangements where the authority leases out assets. The Committee requested that the Heads of Service responsible for these actions attend the next meeting of the Committee to explain the other priorities which had delayed completion of these actions and why matters of such high risk had been postponed.

RESOLVED

1. that the contents of the Corporate Risk Register be noted and accepted;
2. that the scoring matrix used to assess "significant" partnerships be circulated to the Committee;
3. that the minutes of the delivery board for NI 188 be circulated to the Committee;
4. that the Heads of Environmental Health and Building Control Services and Asset Management be asked to attend the next meeting of the Committee to explain the continuing delay in completing actions on high level risks.

311/09 AUDIT SERVICES QUARTERLY REPORT

The Head of Audit Services presented her report which summarised the work undertaken by Audit Services during the period April 2009 – June 2009 and responded to questions from Members. Details of recommendations made by Audit Services as a result of completed audits were attached to the report.

Electronic access to the Audit Services' recommendation database would shortly be available to Audit Committee members.

Members sought reassurance that controls had been put in place after the IT virus incident and that the Council was going beyond "box ticking" in its efforts to comply with the Government Code of Connection.

The Committee requested a report at its next meeting to verify that the controls identified to comply with the Code of Connection in respect of removable media, were working in practice.

The Committee recognised the added value of the audit team in providing advice to Heads of Service in relation to special investigations and requested this be recorded in the minutes.

RESOLVED:-

1. That the Audit Services quarterly report for the period April 2009-June 2009 be noted and approved and
2. That a report be submitted to the next meeting on compliance with the Code of Connection in respect of removable media.

312/09 COMMITTEE WORK PROGRAMME 2009/10

The Committee considered its Work Programme for the remainder of the 2009/10 Municipal year. Issues raised at this meeting would be incorporated into the programme.

RESOLVED that the Work Programme as submitted and amended be approved.