

MINUTES OF THE AUDIT COMMITTEE

25 JUNE 2009

Present:

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

Councillors:

H.R. Jaffer L.E. Nichols H.A. Thomson

Apologies: Councillors M.L. Bouquet and E. O'Hara

210/09 MINUTES

The minutes of the meeting held on 21 May 2009 were approved as a correct record.

211/09 TERMS OF REFERENCE

The Head of Audit Services, at the invitation of the Chairman, explained the scope of the terms of reference of the Audit Committee.

In response to a question from a member on the Committee's responsibility for the Statement of Accounts, the Chief Finance Officer clarified the Committee's role as being, to raise any issues of concern at the draft stage and monitor management action on issues raised by External Audit following their audit of the accounts.

He advised that it would be unreasonable to expect Members to have a detailed technical understanding of the Statement of Accounts but that training sessions to help Members review them in a meaningful and challenging way, would be available in the future. The Council's External Auditors would provide assurance to the Audit Committee on the accuracy of the accounts.

212/09 MATTERS ARISING FROM THE MINUTES DATED 26 MARCH 2009

The Chief Finance Officer updated the Committee on Penetration Testing of IT systems raised in Minute 79/09. He confirmed that the Testing had been completed and a health check undertaken. A summary of the resulting feedback would be circulated to Members when available.

In response to a question about security updates on Councillor's laptops, he agreed to report back directly to Members.

213/09 ANNUAL GOVERNANCE STATEMENT 2008-09

The Chief Finance Officer presented his report and outlined the content of the Annual Governance Statement (AGS) 2008-09. The Statement reviewed

arrangements for corporate governance and internal control as required by the Accounts and Audit Regulations 2006.

The AGS identified actions to remedy any significant governance issues.

Members suggested amendments to the wording of the AGS relating to:

- the Council's complaints procedure – refer to work of Code of Corporate Governance Task Group and its improvement recommendations;
- the work and recommendations of the Code of Corporate Governance Task Group – clarify the work was completed in 2007/08 and include progress made on its recommendations in 2008/09;
- the work undertaken by the officer group – clarify the detailed assessment was completed in 2007/08 and provide summary of work undertaken in 2008/09.

The Chief Finance Officer agreed to make the suggested changes and re-circulate the AGS to the Committee.

RESOLVED that

1. the draft Annual Governance Statement be approved, subject to the Chief Finance Officer including the amendments suggested at this meeting and re-circulating them to the Committee;
2. the improvement action identified in the Statement under the heading "significant governance issues" be endorsed.

214/09 OUTTURN AND STATEMENT OF ACCOUNTS 2008-09

The Chief Finance Officer presented the Statement of Accounts for 2008/2009 which was subject to review by the Council's External Auditors, and responded to questions from Members.

The Accounts and Audit Regulations required that the accounts for 2008/2009 be completed and approved by the Audit Committee by 30 June 2009, and be signed by the Leader of the Council and the Council's Chief Financial Officer.

Members asked for a breakdown of the "other" category under "Central Services to the Public" in Note 1. Analysis of major Service Areas Expenditure and that reference to the revaluation of Benwell Centre be included in Note 18. Fixed Assets.

RESOLVED that

1. the draft Statement of Accounts for 2008/2009 be approved subject to the Chief Finance Officer including the amendments suggested at this meeting and
2. the Leader of the Council and the Council's Chief Finance Officer be authorised to sign the Statement of Accounts.

215/09 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.

She summarised the progress which had been made in a number of areas on actions proposed to address high risks. A member asked whether Environment Agency advice had been incorporated into the Council's major incident flood plan. The Senior Auditor stated she would consult the Emergency Plan officer on this matter and report back.

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 and corporate training on contract management were being addressed but there was still scope for further progress. The Chief Finance Officer gave an update on progress with the remaining area of clarifying Health and Safety responsibilities on leased assets. He reported that health and safety questionnaires had already been trialled with a few organisations and would be sent to the remaining organisations within the next couple of weeks. 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. This process should be completed by the end of 2009.

A member asked which of the risks listed would eventually be removed from the Register and which were permanent. The Head of Audit Services agreed to consider this matter and report back to the Committee at its next meeting.

It was noted that some of the target dates had been missed but no reasons had been given to explain this. The Committee asked that in future an explanation be provided as to why target dates had not been achieved and the revised target date stated.

RESOLVED

1. that the contents of the Corporate Risk Register be noted and accepted;
2. that the Senior Auditor consult the Emergency Plan officer on whether Environment Agency advice was incorporated in the Council's major incident flood plan and report back to the Committee at its next meeting;
3. that the temporary or permanent status of risks be advised to the Committee at its next meeting;
4. that in future, where target dates are overdue, an explanation be provided in the Risk Register as to why the date has not been achieved and the revised target date stated.

216/09 AUDIT SERVICES ANNUAL REPORT

The Head of Audit Services presented her report which summarised the work undertaken by Audit Services during the period April 2008 – March 2009 and responded to questions from Members. Internal audit's overall opinion on the Council's internal control environment, based on the work undertaken in 2008/09 was that it was adequate and effective.

Councillors and Management Team would continue to review the Council's Corporate Risk Register and monitor ongoing/outstanding actions. The issues reported in last year's Opinion Statement with respect to project management, service planning, business continuity plans and partnership work had been addressed by management and would be kept under review.

RESOLVED that the Audit Services Annual report for the period April 2008-March 2009 be approved and the overall opinion on the Council's systems of internal control be noted.

217/09 AUDIT SERVICES ANNUAL REVIEW

The Head of Audit Services presented the Annual Review of Internal Audit which was required by the Accounts and Audit Regulations 2006 to provide assurance that the authority's risk management processes, control systems, accounting records and governance arrangements were in place and operating properly.

The Code of Practice defined the way in which the internal audit service should undertake its functions. During the year the Head of Audit Services had prepared a new audit manual which ensured all practices were aligned to the Code of Practice.

The Committee expressed its confidence in the Head of Audit Services and the Audit Team and requested that this be noted and conveyed to Management Team.

RESOLVED that

1. the Audit Services Annual Review 2008/09 be noted and
2. the Committee's confidence in the Head of Audit Services and the Audit Team be noted and conveyed to Management Team.

218/09 COMMITTEE WORK PROGRAMME 2009/10

The Committee considered its Work Programme for the 2009/10 Municipal year.

RESOLVED that the Work Programme as submitted be approved.