

**Minutes of the Audit Committee
18 September 2014**

Present:

Councillor M.J. Madams (Chairman)
Councillor A.C. Harman (Vice-Chairman)

Councillors:

J. Dale

A.C. Patterson

Apologies: Apologies received from Councillors D. Gohil and C.V. Strong.

241/14 Minutes

The minutes of the meeting held on 26 June 2014 were approved as a correct record.

242/14 Disclosures of Interest

There were none.

243/14 External Audit Report on Audit and Statement of Accounts

The Assistant Chief Executive reported that external auditors appointed by the Audit Commission, KPMG, were required, in accordance with international auditing standards and statutory requirements, 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.

They confirmed that KPMG would be issuing an unqualified opinion on the Statement of Accounts

Tamas Wood and Grant Slessor, on behalf of KPMG presented the report and responded to Members' questions. They concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

The report confirmed that the overall control environment was effective. The key financial systems were generally sound and they issued one priority two (broadly medium level) recommendation in respect of ensuring all working papers were available for auditors at the outset of the audit.

Resolved that:

- (1) the Audit Committee notes the External Auditor's 2013/14 audit report;
- (2) the Assistant Chief Executive in his role as the statutory Chief Financial Officer, and the Chairman of the Audit Committee sign the draft letter of representation as appended to the Auditors' report;
- (3) the Chief Finance Officer and Chairman of the Committee sign the statement of accounts and
- (4) the Audit Committee notes the draft officer responses to the recommendations made in Appendices 1 and 2 of the Auditors' report.

244/14 Corporate Risk Management – Performance Management

The Committee received a written update on Performance Management from the Assistant Chief Executive, Lee O'Neil which was circulated at the meeting. It explained the outcomes of the Performance Management Working Group which met on 4 August 2014 to discuss the Council's current performance management arrangements. The terms of reference for the working group were agreed and the format for future reports and ongoing reporting mechanisms were discussed. He stated that he would provide an update on the progress of the working group to the Audit Committee once these arrangements had been finalised.

Resolved:

- (1) to note the update on Performance Management arrangements
- (2) that the Assistant Chief Executive attend the next Audit Committee on 11 December 2014 to provide an update on the work of the Performance Management Working Group.

245/14 Corporate Risk Management – Emergency Planning

The Committee received a presentation from the Risk and Resilience Manager on the Council's Emergency Planning measures. He gave a summary of the floods experienced in February 2014 and outlined the recovery work that was underway. In particular he drew the Committee's attention to the lobbying of government to provide further funding towards the Lower Thames Flood Relief Scheme.

He stressed the importance of emergency planning procedures within the organisation especially as there was an increased likelihood of extreme weather events reoccurring in the future. He explained that the Council's proximity to Heathrow Airport and the 'severe' threat level of terrorism made the Council more susceptible to risks than other boroughs in the country. He concluded that the Council's Emergency Planning was an essential tool to maintain business continuity and mitigate the risks of an emergency.

Resolved that the Committee note the emergency planning update.

246/14 Corporate Risk Management

The Head of Audit Services reported that the Corporate Risk Register had undergone its regular quarterly review and update by the Corporate Risk Management Group and Management Team 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. Progress on actions was documented on the register.

The Head of Audit Services drew members' attention to the risks of Project Management and the 32 projects that the Council was currently committed to. In particular the 'Towards a Sustainable Future' programme was identified as making a great demand on all services in the Council. The need for additional savings as a result of government grant funding reductions is a driver for reviewing alternative service delivery models and different ways of delivering services (including remaining in-house) which may result in staff redundancies. The Committee recognised the effects on staff morale as a result of these measures.

The Head of Audit Services noted the apologies of the Head of Corporate Governance who was scheduled to address the Audit Committee on the steps taken to mitigate the risks associated with information governance. She informed the Committee that he would attend the next meeting on 11 December 2014 to provide an update on this matter.

Resolved that:

- (1) the contents of the Corporate Risk Register be noted and accepted;
- (2) the Head of Corporate Governance to attend the next Audit Committee meeting on 11 December 2014, to outline the steps taken to mitigate the risks associated with information governance.

247/14 Effectiveness of the System of Internal Audit

The Head of Audit Services presented her report on the effectiveness of the system of internal audit. She referred to various performance indicators used to assess the system of internal audit including the Service Plan, Audit Plan, professional standards, external audit reliance and achievements in 2013/4.

She also referred to the improvement plan for 2014/5 which focused primarily on the 'towards a sustainable future' initiative that required all services to review their service delivery models.

She explained that the internal audit team would continue to develop a programme of fraud risk reduction. A joint bid with Surrey County Council and other boroughs had recently been submitted to the Department for Communities and Local Government (DCLG) for fraud funding to provide resources to detect and prevent fraud across the authority's services.

Resolved that the report on the effectiveness of the system of Internal Audit be noted.

248/14 Annual Governance Statement 2013-14

The Chief Finance Officer presented his report and outlined the content of the Annual Governance Statement (AGS) 2013-14. 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. This included improvements recommended in the LGA Peer Review and the subsequent action plan which had been agreed by Cabinet and Management Team.

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.

249/14 Committee Work Programme 2014-2015

The Committee considered its Work Programme for the 2014-2015 Municipal year.

Resolved that:

- (1) the Committee Work Programme 2014-2015 be noted.
- (2) the Head of Corporate Governance attend the next Audit Committee on 11 December 2014 to provide an update on the steps taken to mitigate the risks associated with information governance.
- (3) the Assistant Chief Executive attend the next Audit Committee on 11 December 2014 to provide an update on the Performance Management Working Group.

Chairman _____

22 January 2015