

**ACCOUNTS, AUDIT & GOVERNANCE COMMITTEE  
27<sup>TH</sup> SEPTEMBER 2012**

Present: Councillors: David Holmes (Chairman), Roy Cornell, Leonard Crosbie, Jim Rae, Stuart Ritchie

Apologies: Gordon Lindsay (Vice-Chairman), John Bailey

Also present: Councillor Roger Arthur  
Helen Thompson, District Auditor

AAG/15 **MINUTES**

The minutes of the meeting held on 26<sup>th</sup> June 2012 were approved as a correct record and signed by the Chairman.

The Chairman referred to Minute AAG/7 regarding underspends on the Repair & Renewals Fund. The Director of Corporate Resources indicated that this issue was being addressed both by officers and Members (through the Scrutiny & Overview Committee's Finance & Performance Working Group) who were looking at how required works were timetabled and the budget was formulated.

AAG/16 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

AAG/17 **ANNOUNCEMENTS**

There were no announcements.

AAG/18 **ANNUAL GOVERNANCE REPORT 2011/12**

Helen Thompson, the District Auditor, presented the Annual Governance Report 2011/12.

The District Auditor intended to issue an unqualified audit opinion and expected to conclude that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The action plan appended to the Annual Governance Report contained a number of recommendations from the District Auditor together with dates by which action should be taken and the officers' responses.

Outstanding work on whole of government accounts had now been completed and the District Auditor intended to issue the audit certificate alongside the opinion and value for money conclusion.

AAG/18 Annual Governance Report 2011/12 (cont.)

The District Auditor indicated that she would complete the audit within the planned fee.

Members discussed the report, with particular reference to the fixed asset register (end user policy and componentisation); housing benefit reconciliation; and related party declarations. The Head of Financial & Legal Services would advise Committee Members as to the regularity of the reconciliations now undertaken in respect of housing benefit.

The Committee noted the report and was satisfied with the external audit.

RESOLVED

- (i) That the adjustments to the financial statements set out in the District Auditors' report be noted.
- (ii) That the letter of representation be approved.  
(See also Minute No. AAG/20 below)
- (iii) That the responses to the proposed action plan be noted and agreed.

AAG/19 STATEMENT OF ACCOUNTS 2011/12

The Director of Corporate Resources presented the Statement of Accounts 2011/12, on which the District Auditor would issue an unqualified audit opinion.

The Statement of Accounts had been considered in draft form at the last meeting of the Committee and the only changes were those that had been highlighted by the District Auditor in the Annual Governance Report.

RESOLVED

That the 2011/12 Statement of Accounts be approved.

REASON

There is a statutory duty for the Council to approve the Statement of Accounts each year

AAG/20 LETTER OF REPRESENTATION

The Director of Corporate Resources asked the Committee to approve the letter of representation to the District Auditor.

AAG/20 Letter Of Representation (cont.)

RESOLVED

That the Letter of Representation be approved and signed by the Director of Corporate Resources and the Chairman of the Committee.

AAG/21 **ANNUAL GOVERNANCE STATEMENT 2011/12**

The Director of Corporate Resources reported that the Accounts and Audit (England) Regulations 2011 required the Council to review, at least once a year, the effectiveness of its governance arrangements and to publish an Annual Governance Statement. The draft Statement had been considered at the last meeting of the Committee and the comments made at that time had been incorporated into the final version (Minute No. AAG/11 (26.6.12) refers).

The review included information and assurance gathering processes to ensure that the published Annual Governance Statement was correct, as well as a review of the Council's Governance framework against the best practice framework devised by CIPFA/SOLACE.

RESOLVED

That the Annual Governance Statement for 2011/12 be approved.

REASON

There is a statutory duty for the Council to approve the Annual Governance Statement each year.

AAG/22 **TREASURY MANAGEMENT ACTIVITY AND PRUDENTIAL INDICATORS 2011/12**

The Director of Corporate Resources presented a report on treasury management activity and prudential indicators for 2011/12.

The report confirmed that, during 2011/12, the Council had complied with its legislative and regulatory requirements and the statutory borrowing limit, the Authorised Limit, had not been breached.

The report contained details of the Council's external debts and investments and reviewed the economic background to Treasury Management activity in 2011/12.

AAG/22 Treasury Management Activity and Prudential Indicators 2011/12 (cont.)

RESOLVED

- (i) That the treasury management stewardship report for 2011/12 be noted.
- (ii) That the actual prudential indicators for 2011/12 be noted.

REASON

The annual treasury report is a requirement of the Council's reporting procedures. The report also covers the actual Prudential Indicators for 2011/12 in accordance with the requirements of the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities.

AAG/23 **INTERNAL AUDIT – QUARTERLY UPDATE REPORT**

The Chief Internal Auditor submitted a report summarising the work of the Internal Audit Section since June 2012.

A summary of audit findings in respect of the main accounting system, risk management, private sector housing assistance grants, project management and parks & countryside services was submitted.

Members expressed concern regarding the control weaknesses that had been identified in respect of parks & countryside services, particularly with regard to the completion of COSHH risk assessments for hazardous substances held and used. The Director of Corporate Resources would advise Members on the current position regarding the completion of the COSHH risk assessments and whether the timescale agreed for their completion was appropriate.

It was noted that a volunteering policy for people who carried out specific tasks for the Council in a voluntary capacity under the supervision of an officer was currently being developed, which would address another of the weaknesses identified by the parks & countryside services audit.

It was agreed that future reports would indicate, where there was a previous opinion, whether the current audit opinion had improved or deteriorated.

Project support work had continued in respect of the implementation of information security for the authorities within the CenSus Partnership and

AAG/23 Internal Audit – Quarterly Update Report (cont.)

that a suite of policies had now been written, which would be adopted by the individual CenSus Partnership Councils. Internal Audit had made a number of recommendations to move the project forward, including the development of procedures and practices to support the individual policies.

An update was also given on the current position in respect of the Project Assurance Core Team.

it was noted that, as at 31<sup>st</sup> August 2012, the audit plan for 2012/13 was on track. A further update would be provided as part of the next quarterly report.

The Chief Internal Auditor also reported on the current position regarding the percentage of agreed action items implemented in respect of audits undertaken in 2011/12, 2010/11 and 2009/10, together with details of agreed actions not yet implemented, an update for each item and a revised implementation date.

RESOLVED

That the summary of audit and project work undertaken since June 2012 be noted.

REASON

- (i) To comply with the requirements set out in the CIPFA Code of Practice for Internal Audit.
- (ii) The Committee is responsible for reviewing the effectiveness of the Council's system of internal control.

AAG/24 RISK MANAGEMENT – QUARTERLY UPDATE REPORT

The Chief Internal Auditor presented the latest quarterly update in respect of the Corporate Risk Register.

It was noted that the corporate risk register had been fully reviewed by the Corporate Management Team and that risks: CRR27 (Health & Safety (Failure to comply with Council policy & procedures and legislative requirements)) and CRR28 (Loss of infrastructure due to current time limited problems with air handling systems at CHN Data Centre) would be removed, as all planned actions had been implemented and the level of risk reduced to an acceptable level.

AAG/24 Risk Management – Quarterly Update Report (cont.)

It was noted that action owners should be heads of service and the corporate risk register would be amended accordingly.

A progress update was submitted in respect of the Risk Management Strategy action plan for 2012/13.

A total of 14 out of 18 departmental risk register reviews had been completed in respect of the last quarter.

RESOLVED

- (i) That the updated Corporate Risk Register be approved.
- (ii) That the progress made in respect of departmental risk registers be noted.
- (iii) That the progress made in implementing the Risk Management Strategy action plan be noted.

REASON

To ensure that the Council has adequate risk management arrangements in place.

AAG/25 URGENT MATTERS

There were no urgent matters to be considered.

AAG/26 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That, under Section 100A(2) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information, as defined in Part I of Schedule 12A of the Act, by virtue of the paragraph specified against each item, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

AAG/27 **INTERNAL AUDIT – QUARTERLY UPDATE REPORT (PARAGRAPH 3)**

The Committee considered the detailed information submitted concerning the implementation of agreed actions arising from internal audit reports.

It was agreed that future reports should incorporate an additional column which highlights whether agreed actions have been cleared, are unresolved, or are new since the last report.

It was also agreed that, at the next meeting, the Committee would consider whether to require relevant senior officers to attend the Committee to explain why outstanding actions had not been undertaken.

The meeting finished at 7.20pm having commenced at 5.30pm.

**CHAIRMAN**