

**CANNOCK CHASE COUNCIL**  
**MINUTES OF THE MEETING OF THE**  
**AUDIT AND GOVERNANCE COMMITTEE**  
**THURSDAY 18 MARCH, 2010 AT 4.00 P.M.**  
**IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK**  
**PART 1**

PRESENT: Councillors

Burnett, G. (Chairman)  
Easton, Mrs. D. M. (Vice-Chairman)

Alcott, G.                      Easton, R.  
Burnett, J.                      Molineux, G.N.

Also Present:                      Ms. E. Mayne, Audit Manager, Audit Commission

**37. Apologies**

No apologies were submitted.

**38. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members**

No declarations of interests were submitted

**39. Minutes**

RESOLVED:

That the Minutes of the meeting held on 25 January, 2010 be approved as a correct record.

**40. Strategic Risk Register**

Consideration was given to the Report of the Chief Executive (Enclosure 4.1 – 4.4 of the Official Minutes of the Council).

Mrs. J. Aupers, Head of Governance and Organisational Development reported that there were no overall changes although during last quarter Risk 23 had reduced from a score of 20 to 12.

She reported that at a previous meeting Members of the Committee had made a request for an Officer from the Directors Management Team (DMT) to attend in respect of Risk No 16 (The National Standard for Equality and Diversity may not be met).

Mr. S.G. Brown, Chief Executive attended and advised Members of the Committee that the work in respect of Equality and Diversity would need to be undertaken by a person who had specific

knowledge in that area. He stated that a team had previously been established to move the project forward although there was a resource issue with Officers trying to undertake this project as well as their day to day work. The Chief Executive advised that he investigated other ways of undertaking this project particularly with the help of Stafford Borough Council through shared services. He stated that he did not intend on employing a permanent full-time Equality and Diversity Officer and would recruit a person to deal purely with this project. He indicated that a sum of money had been identified from existing budgets to fund the work.

A Member of the Committee raised concern at the cost of recruiting another person to undertake this work, when in his opinion he felt that it should be undertaken by Officers within the Council.

Members of the Committee were supportive of the Chief Executive's decision to recruit a person to undertake the project work in respect of Equality and Diversity. A Member stated that Cabinet should also support this decision, although the Chief Executive did advise that he currently had the funding within existing budgets for this project to be undertaken.

Councillor G. Alcott wished to have it recorded that he did not support this decision, given that in his view the Council already had the resources to undertake this work.

The Member then referred to the number of Red Risks identified and was of the opinion that there appeared to be little work being undertaken to make sure the risks were moved from the red category. The Chief Executive referred to the Exception Reports and advised Members of the Committee that they contained improvements that had been made. The Head of Governance and Organisational Development referred to the Exception Reports for Risk Number 2 and advised that this was shown as a high risk as the business continuity plan had not yet been finalised. She informed Members that considerable work had been undertaken on this risk, and DMT had undertaken training and work had been carried out in respect of major incidents and business continuity.

The Head of Governance and Organisational Development updated Members of the Committee on the remainder of the Risks identified within the Exception Reports.

RESOLVED:

That the Strategic Risk Register be noted.

#### **41. Implementation of International Financial Reporting Standards**

Consideration was given to the Report of the Head of Financial Management (Enclosure 5.1 – 5.9 of the Official Minutes of the Council).

Mr. B. Kean, Head of Financial Management provided Members of the Committee with an overview.

Ms. E. Mayne, Audit Manager, Audit Commission reported that a potential risk for the Council could be with the way in which leases could be classified under the new standard. She therefore advised that all new lease contracts would need to be reviewed.

RESOLVED:

- (A) That the progress on the transition to International Financial Reporting Standards, be noted
- (B) That the further work still required to complete the transition, be noted

**42. Internal Audit – Quarter 3 Report for 2009-10**

Consideration was given to the Report of the Chief Internal Auditor (Enclosure 6.1 – 6.2 of the Official Minutes of the Council).

Mr. S. Baddeley, Chief Internal Auditor provided Members of the Committee with information in respect of the Audits Completed and follow-up reviews.

A Member referred to the revision of the Audit Plan and queried whether or not the external contractor was more costly than the Trainee Auditor. The Chief Internal Auditor advised Members of the Committee the cost of the contractor had been contained within the remaining salary budget for the trainee auditor post for the year.

RESOLVED:

- (A) That the contents of the Internal Audit Report for Quarter 3 of the 2009-10, be noted
- (B) That the changes made to the audit plan, be noted

**43. Internal Audit – Updated Terms of Reference and Audit Strategy & Audit Plan for 2010-11**

Consideration was given to the Report of the Chief Internal Auditor (Enclosure 7.1 – 7.4 of the Official Minutes of the Council).

The Chief Internal Auditor stated that there were no significant changes to the Terms of Reference.

He then referred to the Audit Strategy and Audit Plan Needs Assessment and provided Members with information on how the Total Risk Score was made up. The Chairman then asked questions in respect of the planned audits, the national guidance and risk profiling.

A Member referred to the Leisure Audit and was keen to know how improvements had been made to reduce from a Red Risk. The Chief Internal Auditor reported that the systems had been improved and the working processes reviewed although there were still some concerns.

The Head of Governance and Organisational Development then advised the Committee that the way in which leisure facilities were reviewed had been revised, instead of detailed reviews of each site being conducted one overarching review was now carried out as this enabled best practice to be encouraged across the sites and the focus of the audits to focus on the key risk areas.

RESOLVED:

- (A) That the updated Internal Audit Terms of Reference, be approved

- (B) That the contents of the Audit Strategy for 2010-11, be noted
- (C) That the Audit Plan for 2010-11 contained as Appendix A of the Audit Strategy, be noted
- (D) That the level of risk that Internal Audit can review within existing resources and the coverage that this will give for providing an opinion for the Annual Governance Statement for 2010-11, be noted

**44. 2008-09 External Audit Statement of Audit Progress and Certification of Claims and Returns – Annual Report**

Consideration was given to the both Reports of the External Auditors.

Ms. E. Mayne, Audit Manager, Audit Commission provided Members with an overview of the External Audit Statement of Audit Progress Report..

The Head of Financial Management raised concern that fees were incurred by the Council in respect of the Audit Commission answering questions. He advised Members of the Committee that should they have any concerns, they should first be raised with Officers and then External Audit if required.

Ms. E. Mayne reported that internal discussions were in progress concerning the proposed Audit fee for 2010-11 and information would be available at the next meeting.

With regard to the Certification of Claims and Returns Annual Report, Ms. E. Mayne commented on the positive experience she had received in the Housing Benefit and Council Tax Department. She stated that due to the information provided, the Audit Commission would aim to undertake less work which would reduce the cost of the Audit.

**45. 2009-10 Quarter Three Corporate Improvement PDP – Performance Report**

Consideration was given to the Report of the Chief Executive (Enclosure 9.1 – 9.3 of the Official Minutes of the Council).

The Head of Governance and Organisational Development updated Members of the Committee on the progress of the corporate improvement priority delivery plan.

A Member of the Committee referred to enclosure 9.2 and pointed out the small amount of progress in respect of the actions/performance indicators. The Head of Governance and Organisational Development advised the Committee that refocusing and prioritisation would take place for 2010-11.

---

CHAIRMAN

(The meeting closed at 6.15 p.m.)