

CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
MONDAY 28 JUNE, 2010 AT 2.30 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK
PART 1

PRESENT: Councillors

Ball, G.D. (Chairman)
Alcott, G. (Vice-Chairman)

Burnett, G. Easton, R.
Easton, Mrs. D.M. Meaden, R.G.

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

1. Apologies

Apologies for absence were received from Councillor J. Burnett and Mr. G. Patterson, Audit Commission.

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

No declarations of interests were submitted

3. Minutes

RESOLVED:

That the Minutes of the meeting held on 18 March, 2010 be approved as a correct record.

4. Strategic Risk Register

Consideration was given to the Report of the Director of Service Improvement (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 a total of 21 strategic risks and during the last quarter risk number 17 had reduced from a risk of 16 to 12 (orange risk) with the target remaining at 9 (orange risk). She also advised that there would be a full review of the risks in light of the current financial position and then provided an overview of the report.

A Member of the Committee referred to risk number 16 (national standard for equality and diversity) and was keen to know if Officers were happy with its progress and how long it would

stay a significant risk. The Head of Governance and Organisational Development reported that there were a number of factors which had an impact on the risk and advised that discussions were currently taking place to identify a Lead Officer with the capacity to deliver what was required. She advised that she would keep the Committee updated in respect of this risk.

A Member of the Committee referred to risk 18 (protection of vulnerable people (children and adults) and discussed the agreed policy, right to appeal and training. The Head of Governance and Organisational Development advised the Committee that training had commenced and all staff were expected to complete a level 1 training course which was being provided on-line.

RESOLVED:

That the Strategic Risk Register be noted.

5. Review of the Effectiveness of the System of Internal Audit

Consideration was given to the Report of the Director of Service Improvement (Enclosure 5.1 – 5.2 of the Official Minutes of the Council).

A Member was keen to know if a self assessment had been undertaken of the Committee. The Head of Governance and Organisational Development discussed this with the Committee and advised that a review was required.

RESOLVED:

- (A) That the findings of the annual review of the effectiveness of the system of internal audit for 2009-10, be noted
- (B) That the system of internal audit is operating effectively and can be relied upon when considering the Annual Governance Statement for 2009-10, be noted
- (C) That the action plan attached at Appendix 2 of the report, be endorsed
- (D) That a review of the effectiveness of the Audit and Governance Committee be undertaken during 2010-11

6. Internal Audit Annual Report 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 reported that Internal audit could provide a reasonable level of assurance in respect of the Council's governance arrangements and also reported that an Adequate level of assurance had been given to 17 audits, a qualified level to 3 and a Limited level to 7.

He then reported on the Audit Performance and advised that 90% of the revised audit plan was delivered although 9 medium risks had been removed in October 2009 due to the section holding a vacancy for the remainder of the year.

With regard to the review of the Effectiveness of Internal Audit he stated that the overall result of the Audit Satisfaction Surveys returned for 2009-10 was 88.82%.

Members of the Committee discussed a number of issues relating to the failure to follow financial regulations in obtaining quotations and in respect of the threshold for obtaining quotations.

In response to this the Head of Governance and Organisational Development advised the Committee that if there were significant breaches warnings would be issued. She also advised that there would be a review of creditors' payments this year and a report would be submitted to a future meeting of the Committee.

Members also raised similar concerns in respect of the failure to ensure ICT controls were fully established and operational for all IT systems. The Chief Internal Auditor advised that work was in hand to address the weaknesses in ICT controls.

Members discussed their concerns in respect of fraud and irregularity and were keen to know about the investigations that had taken place. The Chief Internal Auditor advised the Committee that there were weaknesses in the system and investigations had taken place into the maintenance of records and timesheet accuracy at Leisure Centres. He advised that in light of this a workshop is to be held with Duty Managers.

The Head of Governance and Organisational Development reported that discussions had taken place with Heads of Service and service areas with regard to the areas that required attention, and advised that she would keep the Committee informed.

Members raised concern that audit recommendations were not being implemented and suggested that Managers be present to provide an explanation why. The Head of Financial Management stated that issues arose relating to a number of services and advised the Committee that Internal Audit would report any issues to Heads of Service.

The Head of Governance and Organisational Development stated that a follow up on the Leisure Centre would take place and if there was still not an adequate level of assurance the Committee could then request an Officer to a meeting of the Audit and Governance Working Group to discuss the issues with Members.

Issues were then raised by Members regarding the refuse collection and recycling. Mr. D. Hoare, Director of Service Improvement advised that he had asked for this audit to be undertaken as there were some concerns about the system in place. An action plan is in place to address the issues.

RESOLVED:

That the contents of the Internal Audit Annual Report for 2009-10, be noted.

7. Annual Governance Statement for 2009-10

Consideration was given to the Report of the Director of Service Improvement (Enclosure 7.1 – 7.6 of the Official Minutes of the Council).

A Member was keen to know who determined what significant governance issues should be

included in the Annual Governance Statement. The Head of Governance and Organisational Development stated that information was collated from various services which included the S151 Officer, Monitoring Officer all Senior Managers, the Internal Audit Annual Report and the Risk Register. Initially the Head of Governance and Organisational Development identified the significant governance issues from the information provided and the reality checked this with the Director of Service Improvement, the S151 Officer and the Monitoring Officer before producing a draft Annual Governance Statement for consideration by DMT.

RESOLVED:

That the Annual Governance Statement for 2009-10 be recommended to Council for approval.

8. Approval of Statement of Accounts

Consideration was given to the report of the Head of Financial Management (Enclosure 8.1 – 8.38 of the Official Minutes of the Council).

RESOLVED:

That the Statement of Accounts for the financial year 2009-10 be recommended to Council at its meeting on 30 June, 2010 for approval.

9. External Audit Statement of Audit Progress – 2009/10

Consideration was given to the Report of the Audit Commission.

Ms. E. Mayne, Audit Manager, Audit Commission stated that there were no proposed changes to the 2009/10 Audit fee given the on-going risk assessment.

She then provided information on the Opinion work and stated that a meeting would be held in order to discuss findings in more detail. The position would then be monitored until the opinion was provided in September, 2010.

With regard to Questions received by the Auditors, Ms. Mayne indicated that the four questions received from the public relating to the 2009/10 financial statement were still ongoing.

Members raised questions in respect of the Audit Fee for 2010/11 and were keen to know if this would change in light of the abolition of CAA. Ms. E. Mayne advised that she was unable to provide any information at this time although the decision would be made at high level within the Audit Commission and would then be communicated with the Council.

Ms. E. Mayne then pointed out other matters of interest to Members of the Committee.

RESOLVED:

That the Report be noted.

CHAIRMAN

(The meeting closed at 4.30 p.m.)