

**CANNOCK CHASE COUNCIL**  
**MINUTES OF THE MEETING OF THE**  
**AUDIT AND GOVERNANCE COMMITTEE**  
**TUESDAY, 26 JUNE, 2012 AT 4.00 P.M.**  
**IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK**

**PART 1**

PRESENT: Councillors

Ball, G. (Chairman)  
Gamble, B. (Vice-Chairman)

Anslow, C.                      Bottomer, B.  
Bennett, C.                     Molineux, G. N.

Also Present:                      Mr. G. Patterson, District Auditor, Audit Commission  
    Emily Mayne, Audit Manager, Audit Commission

**1. Apologies**

An apology for absence was received Councillor P. Gilbert.

**2 Declaration of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members**

No declarations of interests were made.

**3. Minutes**

RESOLVED:

That the Minutes of the meeting held on 27 March, 2012 be approved as a correct record and signed.

**4. 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).

The Head of Governance provided Members with an update on the strategic risks that the Council was facing in delivering its objectives. She circulated a copy of Appendix 1 to Members which gave a summary of these risks.

Councillor Bennett made reference to the risks which remained high for some months and asked whether Officers could identify why the risks remained high. The Head of Governance confirmed that she could do this in future reports.

Councillor Anslow had concern regarding the risks relating to poor staff morale and considered that if morale was low staff would not produce the right results. However, if morale was high

staff would want to do a good job. Councillor Bennett added that low staff morale had an impact on the efficiency of the Council.

The Chairman commented that this issue was identified as a risk some years ago when there were a number of budget cuts and redundancies and therefore staff morale may have been low at that time.

The Head of Governance confirmed this was the case and that the risk was classed as a low/medium risk. She would pick up the concern when undertaking a review of the Risk Register and provide further information at the next meeting.

RESOLVED:

That the progress in addressing Strategic Risks be noted.

## **5. Review of the effectiveness of Internal Audit**

Consideration was given to the Report of the Head of Governance (Enclosure 5.1 – 5.2 of the Official Minutes of the Council).

The Head of Governance went through the report advising Members that a light-touch review had been undertaken this year. She confirmed that there had been no significant changes since the review done for 2010-11.

RESOLVED:

(A) That Members note the findings of the annual review of the effectiveness of Internal Audit for 2011-12.

(B) That Members note that Internal Audit is operating effectively and can be relied upon when considering the Annual Governance Statement for 2011-12.

## **6. Internal Audit Annual Report 2011-12**

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

The Chief Internal Auditor led Members through the report and its annexes outlining the relevant key issues.

Councillor Bennett asked why the Anti Fraud Policy had not been reviewed this year. The Chief Internal Auditor explained that the Anti Fraud Policy was a corporate policy that was not traditionally reviewed each year. However, in view of shared services, there were two slightly different Anti Fraud policies. Therefore a combined policy for both Cannock Chase and Stafford Borough Councils would be produced in the near future. The Head of Governance confirmed that the current policy gave an overview on how to deal with any corrupt practices and she assured Members that it affords the Council adequate protection. The policy will be reviewed in due course to align it so far as possible with Stafford Borough Council's policy and to make the references to bribery more explicit.

RESOLVED:

That the contents of the Internal Audit Report 2011-12 be noted.

## **7. Annual Governance Statement for 2011-12**

Consideration was given to the Report of the Head of Governance (Enclosure 7.1 – 7.6 of the Official Minutes of the Council).

The Head of Governance took Members through the report highlighting the relevant issues for consideration. She explained that Annex 1 to the report gave details of the significant governance issues identified and the actions planned to address them.

Councillor Bennett made reference to paragraph 5 of the report - Risk Management Implications which stated that the actions identified for each significant issue would, if implemented, minimise the risks faced by the Council. He considered that if risks had been identified the actions should be implemented and not left for a period of time as this delay could lead to a financial loss.

The Head of Governance explained that the Committee would receive an update on these issues on a quarterly basis. The actions identified would be implemented but it was not always possible to implement the actions immediately. The significant governance issues had to be prioritised and the most risky issues would be dealt with first. When Members received the quarterly updates they would have the opportunity to ask the relevant Officer(s) to attend the Committee to explain why the actions identified to address the issue(s) had not been implemented. She confirmed that the significant governance issues did not necessarily carry a financial risk to the Council; they were risks that had been identified and had to be put right but they would not all be done immediately. However, she noted the concerns being raised by Members and would advise the relevant Officers accordingly.

RESOLVED:

That Council be recommend to approve the Annual Governance Statement for 2011-12.

## **8. External Audit Statement of Audit Progress**

Consideration was given to the Report of the Audit Commission. Grant Patterson, District Auditor, gave an overview of the Statement, highlighting the progress being achieved in delivering their responsibilities as the Council's external auditor.

He advised that a copy of the Code of Audit Practice and the Statement of Responsibility would be emailed to the Head of Governance for circulation to Members. He further advised that he would be willing to provide a training session for Members on the role of the Audit Committee. If Members considered this would be useful he suggested they inform the Head of Governance.

He then provided the Committee with a verbal update on the external auditors view on Shared Services. He advised that the findings of the Shared Services Working Group had been taken into account by the District Auditor. Discussions had been held with both Council's and the ability to maintain services had been assessed. Seven services had now been shared and plans were in place to further develop these services. The external auditor was satisfied that by sharing services both Council's had delivered savings whilst maintaining an effective service. The planned savings had been delivered by not filling staff vacancies. As each shared service was at a different stage in their transformation plan it would be a phased process. He advised that he would circulate a copy of this verbal update to Members.

Members were informed that information relating to the annual audit fee 2012-12 was contained

within the report. Mr. Patterson then briefly outlined the arrangements with regard to the externalisation of the Audit Practice.

In response to a question from the Chairman he confirmed that the Audit Commission had published an updated version of the Council accounts: a guide to your rights. He would circulate the document to Committee Members.

The Committee was advised that the external auditors were satisfied with the progress so far and he confirmed that the VFM conclusion would be provided in September 2012. They were on target to deliver the audit plan for 2011/12 as set out in Appendix 1.

RESOLVED:

That the External Audit statement of Audit Progress be noted.

## **9. External Audit – Communication with the Auditor**

Consideration was given to the Report of the Audit Commission. Emily Mayne, Audit Manager, explained that the report summarised the responsibilities in the following areas:

- Fraud
- Law and regulation
- Going concern
- Related parties
- Accounting for estimates

The Committee was asked to consider the responses to the series of questions detailed within the report and to confirm they were satisfied with the arrangements.

RESOLVED:

Members considered the responses to the questions outlined in the report and confirmed they were satisfied with the arrangements.

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CHAIRMAN

The meeting closed at 5.15 p.m.