

CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
THURSDAY, 12 NOVEMBER, 2009 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.

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

24. Apologies

An apology for absence was submitted on behalf of Councillor G. N. Molineux.

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

No declarations of interests were submitted

26. Minutes

Consideration was given to the Minutes of the meeting held on 28 September 2009. Councillor Alcott expressed concern that the Minutes did not contain the complete External Audit Statement of Audit Progress and the Annual Governance Report. The Senior Committee Officer explained that a copy of them both was available on the Council's website and that it was not normal practice to include complete copies of reports both with the agenda and in the minutes. Councillor Alcott requested that it be noted that he did not consider the Minutes to be a complete and accurate record of the meeting.

RESOLVED:

That the Minutes of the meeting held on 28 September, 2009 be approved as a correct record and signed by the Chairman.

27. Strategic Risk Register and Presentation

Members received a presentation from the Risk and Resilience Manager on the Strategic Risk Register. This included a practical exercise as to how risks were scored using the Council's risk matrix.

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

Concern was raised with respect to Risk No. 16, (i.e. the national standard for equality and diversity which may not be met) and the length of time that this had been a high risk. The Head of Governance and Organisational Development explained that there were capacity issues and that the matter was being discussed with Stafford Borough Council as part of the Shared Services initiative. The concern would be reported to the Deputy Chief Executive.

A Member raised concerns that he considered that no progress was being made with regard to the red risks. The Head of Governance and Organisational Development reported that significant work was being undertaken to address these issues but that for some of the risks it would take time before the actions reduce the risk score.

The representative from the Audit Commission advised the Committee that their role was to ensure processes were in place to address issues, also it was how risks were managed that was important. They also advised that the positives of risk management should also be considered, for example, the Shared Services project was a risk, but it could be seen as a positive risk if the benefits outweigh the negatives.

The Committee requested that additional information on the red risks be provided to them in a similar format to the Exception Reports to the Performance Reports and that the time period that the risk had been considered to be a strategic risk and would continue to be so, should be detailed. The Head of Governance and Organisational Development agreed to look into this matter.

RESOLVED:

That:-

- (A) The Strategic Risk Register be noted.
- (B) The Head of Governance and Organisational Development investigate the issue of additional information being made available to the Committee, in a similar format to the Exception Reports to the Performance Reports.
- (C) The risk owner for risk number 16 relating to the national standard for equality and diversity be asked to attend the Committee to explain what action was being taken to address this risk.

28. Internal Audit Quarter 2 Report

Consideration was given to the Report of the Chief Internal Auditor (Enclosure 5.1 – 5.2 of the Official Minutes of the Council).

Concern was raised with respect to the audit completed on the Leisure Till System and the 'Limited' assurance reported. It was explained that issues had been identified in relation to the security controls, the number of users with high level access to the system and BACs processing controls. In addition the lack of a formal signed agreement for the provision of the software and ongoing support was a major weakness.

Further testing would be carried out in 6 months time to ascertain if the recommendations made had been implemented and the findings would be reported back to the Committee in due course. The Chief Internal Auditor agreed to report the concerns to the appropriate Managers and inform them that they may be requested to attend a meeting of the Committee should issues identified not be addressed.

RESOLVED:

That:-

- (A) The contents of the Internal Audit Report for Quarter 2 of 2009-10 be noted.
- (B) The changes made to the audit plan be noted.

29. Audit Commission Progress Report

Consideration was given to the Audit Commission Progress Report (Enclosure 6 of the Official Minutes of the Council).

The Audit Manager gave a progress report on how as the Council's external auditor they were progressing on delivering their responsibilities.

It was reported that the work on the 2008/09 audit was substantially complete and that the work on the Council's financial statements audit and the audit opinion by the national deadline of 30 September 2009 had been met. The certificate to close the audit on that date had been issued, together with the delivery of their value for money conclusion which was unqualified.

Some training with the finance department and other appropriate officers had been undertaken in relation to the preparation of the financial statements. The identified actions for both the Council and Audit Commission would be implemented for the 2009/10 closedown.

To finalise the work relating to 2008/09 a summary of the Audit Commission's findings and conclusions would be reported in the Annual Audit and Inspection Letter, which would also include their work on the 'Managing Performance' element of the Organisation Assessment. It was anticipated that this would be available by the end of November 2009, however, the Comprehensive Area Assessment (CAA) first results would not be published until 10 December 2009 and it would not be possible to release the Annual Audit and Inspection Letter until after that date. The Committee were informed that timescales were tight, taking into account the Christmas period, and that the 'Letter' had to be released to all Members by the 31 December 2009.

The Committee informed the Audit Manager that they would prefer the Annual Audit and Inspection Letter to be presented to them first and then Cabinet.

The Audit Commission AGREED that a draft of the Annual Audit and Inspection Letter would be provided to them when available.

The Audit Manager reported that 4 questions had been received by them from the public relating to the activities of Cannock Chase Council in 2008/09. Two of the questions had been fully addressed and closed. One related to the costs of Council allotments which was not an issue

material to the accounts and a response was still outstanding. A question received in August related to the Chairman's Civic Committee and expenditure relating to the Chairman's Annual Fund Raising Ball, was in its early stages and nothing at present could be reported.

The work to address these questions was in addition to the agreed Audit Plan and additional fees would be raised to cover the costs.

Detailed planning would be carried out during November 2009 to provide an Audit Plan for 2009/10 which would set out the work required to enable the Audit Commission to provide their opinion and value for money conclusion. The Audit Commission would continue to work with Internal Audit to minimise duplication and provide a streamlined service.

(Councillor J. Burnett gave his apologies and left the meeting at 5.45 p.m.)

30. Confidential Reporting Framework

Consideration was given to the Report of the Chief Executive (Enclosure 7.1 – 7.5 of the Official Minutes of the Council).

The Chief Internal Auditor explained that the Council introduced a Whistleblowing Policy in 1998. The Policy had been reviewed and revised to produce a Confidential Reporting Policy which widened the coverage of the Policy to enable non employees to raise concerns using the same process. Some elements of the Policy were still specific to employees as they had statutory protection under the Public Interest Disclosure Act, 1998 (PIDA), however, the aim was to offer the same assurance of confidentiality and consideration of issues raised, in good faith, to anyone. The Policy would be available on the Council's website and its existence would be brought to the attention of all contractors and partner organisations.

RESOLVED:

That Council be recommended to adopt the Confidential Reporting Framework.

31. Anti-Fraud and Corruption Framework

Consideration was given to the Report of the Chief Executive (Enclosure 8.1 – 8.5 of the Official Minutes of the Council).

The Chief Internal Auditor gave an overview of the Anti-Fraud and Corruption Framework. The Council had introduced an Anti-Fraud and Corruption Strategy in 1998 and this had been reviewed and widened. The Council's Anti Fraud and Corruption Framework now included the policy statement, advice and guidance to Members and employees, a prosecution policy and a fraud response plan. The Framework continued to demonstrate the Council's firm commitment to protecting public funds and ensuring that all Council activities were carried out in accordance with the principles of openness, honesty and integrity.

RESOLVED:

That Council be recommended to adopt the Anti-Fraud and Corruption Framework.

32. **2009-10 Quarter Two – 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 Operational Development reported that the Scrutiny Committee at their meeting on 7 September 2009 agreed that the Audit and Governance Committee would assist them to monitor/performance manage, but not scrutinise, the delivery of the Corporate Improvement PDP, with progress being reported back to them at such times as considered appropriate by the Chairmen of both Committees. The reasoning for this was that the Audit and Governance Committee already routinely monitored progress in delivering a significant number of the actions included in the Corporate Performance PDP as they emanated from the Strategic Risk Register, the Annual Governance Statement etc.

RESOLVED:

That the Audit and Governance Committee noted:-

- (i) The performance outturn for Quarter 2 as detailed at Annex 1;
- (ii) The exception reports, as detailed at Annex 2, for those actions or performance indicators classified as Red or Amber;
- (iii) The risk register attached as Annex 3.

(The meeting closed at 6.15 p.m.)

CHAIRMAN