

CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
MONDAY, 27 JUNE, 2011 AT 4.00 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK
PART 1

PRESENT: Councillors

Burnett, J. (Chairman)
Ball, G. D. (Vice-Chairman)

Brown, G. C. Cartwright, Mrs. S. M.
Burnett, G. Fisher, P. A.

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

1. Apologies

No apologies had been submitted.

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 10 March, 2011 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 Risk & Resilience Manager gave an overview of the Report

Concern was raised regarding the failure to formulate a sustainable strategy for the future of the Council's housing stock. The Head of Governance explained that actions would now be taken following clarification of the new Government's proposals.

The Committee considered that date lines would be useful detailing when specific risks were

identified on the Register and when they were taken off. The Head of Governance reported that in future the revised Register would detail the month a risk was added to it, removed from it, or if it had been brought forward. The revised Risk Register would be presented to the next meeting of the Committee.

RESOLVED:

That the Strategic Risk Register be noted.

5. Review of the Effectiveness of Internal Audit

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

The Chief Internal Auditor gave an overview of the Report and explained that the Council was required to undertake an annual review of the effectiveness of its internal audit.

The review had highlighted a number of areas for improvement and they were summarised at Appendix 3 to the Report.

Cllr G Burnett asked whether a review of the effectiveness of the Audit & Governance Committee was to be undertaken and if so why hadn't it been included in the action plan. The Head of Governance advised that a self-assessment review would be undertaken later in the year but that it hadn't been included in the action plan as this detailed the actions for the Internal Audit service rather than the Committee.

RESOLVED:

That:-

- (A) The findings of the annual review of the effectiveness of internal audit for 2010-11 be noted.
- (B) It be noted that the internal audit is operating effectively and can be relied upon when considering the Annual Governance Statement for 2010-11
- (C) The action plan to address areas of improvement arising from the review be endorsed.

6. Internal Audit Annual Report 2010-11

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 Audit Manager gave an overview of the Report and explained that a summary of the main issues arising from the audits undertaken in 2010-11 were listed in Appendices 1a-1c. Results of follow-ups undertaken in the year by assurance level were contained in Appendix 2 and the Internal Audit Plan for 2011-12 was listed in Appendix 3.

Concern was raised that, although requested, a full list of definitive Council assets had not been provided and it was explained that work was being undertaken to address this issue.

RESOLVED:

That the contents of the Internal Audit Annual Report for 2010-11 be noted.

7. Annual Governance Statement for 2010-11

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

The Head of Governance informed the Committee that the Accounts and Audit Regulations 2011 required the Council to approve an Annual Governance Statement. It was explained that a range of assurances from Senior Officers had been used in compiling the Statement.

Significant governance issues had been identified and action plans put in place to address them and their implementation and operation would be monitored throughout the year.

A question was raised as to whether Shared Services were being delivered and cost efficiencies were being met. The Head of Governance advised that progress in the delivery of Shared Services is being monitored by the Scrutiny Committee but that the Audit & Governance Committee would be kept updated as appropriate throughout the year.

RESOLVED:

That the Annual Governance Statement for 2010-11 be recommended to Council for approval.

8. External Audit Statement of Audit Progress – 2010-11

Consideration was given to the Report of the Audit Commission (Enclosure 8 of the Official Minutes of the Council).

Emily Mayne, Audit Manager, Audit Commission, gave an overview of the Report. It had been identified that the sales ledger system was not working as was expected by the Audit Commission and additional testing would be undertaken, but this was not considered to be a significant issue.

The initial planning of the 2011/12 audit had been completed and it was confirmed that the fee had been set at £114,297 (excluding VAT). It was reported that the Audit Commission did not expect to have to undertake any substantial additional work. A letter with respect to the initial fee had been sent to the Chief Executive and the Committee requested that a copy of this be forwarded to them. The Audit Manager explained that information relating to the fees was available on the Audit Commission's website.

It was reported that the Audit Commission was on target to deliver the audit plan for 2010/11 as set out in Appendix 1 to the Report.

Concern was raised with respect to the implementation of the International Financial Reporting Standard (IFRS). It was reported that the Council was progressing with this issue and identifying areas where further work was needed to be undertaken.

Mr. G. Patterson, District Auditor reported that preparatory work had begun on outsourcing arrangements for auditing local public bodies for 2012/13 to the private sector. The staff would be

forming an audit company which would be bidding for the audit work, it was considered that the contracts would possibly be awarded for a 3 year period.

The Head of Governance explained that the Statement of Accounts, following them being audited in August, would be presented to the Committee at their meeting scheduled for 27 September, 2011.

RESOLVED:

That the External Audit statement of Audit Progress 2010-11 be noted.

(The meeting closed at 5.10pm)

CHAIRMAN