

**AUDIT COMMITTEE
26th September, 2012**

Present:- Councillor Sangster (in the Chair); Councillors Kaye, License and Sims.

Also in attendance were Rashpal Khangura and Amy Warner (KPMG).

P14. MINUTES OF THE PREVIOUS MEETING HELD ON 18TH JULY, 2012

Consideration was given to the minutes of the previous meeting of the Audit Committee, held on 18th July, 2012.

Resolved:- That the minutes of the previous meeting be agreed as a correct record for signature by the Chairman.

P15. 2011/12 STATEMENT OF ACCOUNTS AND EXTERNAL AUDITORS ANNUAL GOVERNANCE REPORT (ISA 260)

Further to Minute No. P12 of the meeting of the Audit Committee held on 18th July, 2012, consideration was given to a report presented by the Strategic Director of Resources concerning the Council's 2011/2012 Statement of Accounts. The Strategic Director introduced Rashpal Khangura and Amy Warner (both of KPMG) who advised of the matters arising from the external audit of the Council's 2011/12 Statement of Accounts. Approval was being sought for the Letter of Management Representations and the audited Statement of Accounts.

The documents considered were:

- External Auditor's ISA 260 Report 2011/12
- The Council's Audited Statement of Accounts 2011/12
- Letter of Management Representations

Several issues were discussed:-

- : Housing Revenue Account;
- : Digital Region – proposed new business model;
- : costs incurred in maintaining surplus Council properties, prior to their disposal;
- : benchmarking undertaken by the Audit Commission.

Resolved:- (1) That the External Auditor's ISA260 report to those charged with governance, as now submitted, be approved.

(2) That the Council's Statement of Accounts 2011/12, as now submitted, be approved.

(3) That the Letter of Management Representations, as now submitted, be approved.

(4) That the external auditor and officers in the Resources (Finance) Directorate be thanked for their efforts in producing the report.

P16. ANNUAL TREASURY MANAGEMENT REPORT AND ACTUAL PRUDENTIAL INDICATORS 2011/12

Further to Minute No. 23 of the meeting of the Audit Committee held on 19th October, 2011, consideration was given to a report presented by the Chief Accountant stating that the annual Treasury Management Report is the final treasury report for 2011/12. Its purpose is to review the treasury activity for 2011/12 against the strategy agreed at the start of the year. The report also covers the actual Prudential Indicators for 2011/12 in accordance with the requirements of the Prudential Code. The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

Members noted that the Strategic Director of Resources has delegated authority to carry out treasury management activities on behalf of the Council and this report is produced in order to comply with the CIPFA Code of Practice in respect of Treasury Management in Local Authorities and the "Prudential Code".

It was also reported that recoveries of monies held in the failed Icelandic Banks currently stood at approximately 75% for Heritable and approximately 40% for Landsbanki.

Resolved:- (1) That the report be received and its contents noted.

(2) That the Annual Treasury Management Report 2011/2012, as now submitted, be approved.

P17. AUDIT AND INSPECTION RECOMMENDATIONS UPDATE REPORT

Further to Minute No. 37 of the meeting of the Audit Committee held on 15th February, 2012, consideration was given to a report presented by the Performance and Quality Manager which summarised the progress against recommendations from across all key external audits and inspections of Council services. The report stated that the monitoring of Audit and Inspection recommendations provides evidence that the Council is able to respond to external challenge in a timely manner and is committed to continuous improvement. Additionally, through analysing the recommendations the Council demonstrates its ability to identify and rectify detrimental trends or issues and to deliver service improvement. The report highlighted that:-

- : since the last report, there have been five new inspections and external assessments resulting in thirty three new recommendations;
- : there are currently twelve action plans relating to Inspection and Audit recommendations which are still 'active' in the Authority (i.e.: they contain outstanding recommendations which are still relevant);
- : across these action plans, twenty one recommendations have been completed and twenty five remain outstanding;

- : the Council is no longer formally assessed and accredited to the Customer Service Excellence Standard, yet the principles of the Standard continue to be embedded across the Authority;
- : the Council has been subjected to a number of external inspections during 2012.

The appendix to the report included a summary of progress against all recommendations from 'active' Inspection and Audit action plans.

Resolved:- That the report be received and the progress achieved against outstanding actions be noted.