

AUDIT COMMITTEE
13th April, 2011

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

Also in attendance were Councillor Wyatt (Cabinet Member for Resources and Commissioning), Mrs. A. Bingham (Vice-Chair of the Standards Committee) and Rob Mitchell and Alison Ormston (KPMG)

P61. MINUTES

Resolved:- That the minutes of the previous meeting held on 16th March, 2011 be agreed as a correct record.

P62. REINTEGRATION OF 2010 ROTHERHAM LTD WITH RMBC

Dave Richmond, Director of Housing and Neighbourhoods, presented the submitted report detailing the background and reasoning behind the reintegration of Rotherham's ALMO, 2010 Rotherham Ltd. with Rotherham Metropolitan Borough Council and highlighting the risks associated with such reintegration and how those risks were being managed.

The report covered the implementation stage indicating that the established ALMO Options Core Group had been meeting fortnightly since November, 2010 and was managing the reintegration process. The main work streams identified by the Group and examples of associated tasks were:-

- Strategic HR e.g. TUPE, pay equalisation
- Consultation e.g. test of opinion, staff road shows, member briefings
- Governance e.g. voluntary round up of business, novation of contracts
- Operation issues
- Finance – e.g. commitments transferred (pensions), budget alignment

The Group had created a detailed implementation plan including overarching, strategic and operational risks. Strategic risks included:-

- impact on business continuity and reduced service quality
- financial management issues
- impacts on personnel
- communication

The effective reintegration date was 1st July, 2011.

Discussion and a question and answer session ensued and the following issues were covered:-

- trading deficit/accumulated deficit of Rotherham 2010 Ltd.
- redundancy payments
- brain drain and morale/motivation of staff
- asset transfer
- housing stock and decent homes standard ratio
- impending changes next year to Housing Revenue Account
- investment in housing stock
- future management of housing stock
- externalisation of repairs and maintenance
- Ecovision
- customer satisfaction levels
- smoothness of transition back to the Council

Resolved:- That the information be noted.

P63. KPMG GRANTS REPORT 2009/10

Stuart Booth, Director of Central Finance, presented the submitted report advising members of the matters arising from the external audit of the Council's 2009/10 Government Grant Claims and Returns. The report summarised the findings of KPMG for the preparation and submission of the Council's 2009/10 Government Claims and Returns.

The main findings were:-

- the Council's administration arrangements for the preparation of the submission was satisfactory generally although there was an opportunity to improve how Financial Services worked together with directorate service teams to ensure all grants requiring audit certification were made available to KPMG in accordance with the agreed protocol and deadlines
- 44 claims and returns were audited this year. None were subject to a qualification letter to the relevant funding body although financial adjustments were made to three of the claims submitted

The ongoing Financial Services review was looking at the future management of external funding activities across the Council and, in doing so, had been cognisant of the audit findings.

The KPMG report was also submitted.

Resolved:- (1) That the information be noted.

(2) That the management actions put in place to improve performance continuously when preparing and submitting the Council's 2010/11 Government Claims and Returns be noted.

P64. CORPORATE RISK REGISTER

Colin Earl, Director of Internal Audit and Governance, presented the submitted report which showed the Council's most significant risks and how they were being managed.

The reporting format had two key features:-

- An 'at a glance' picture showing the pattern of risk assessments for corporate priorities or projects both before and after risk management actions
- A more detailed summary of the risk register that reflected the current risk assessments for each corporate priority or project

Changes to the register since the previous report were outlined.

Discussion and a question and answer session ensued and the following issues were covered:-

- mitigation of free schools from red to amber status
- rationale behind removing the Cultural Quarter from the register
- managing budget adjustments
- commissioning
- Community Stadium

Resolved:- That the updated Corporate Risk Register be noted.

P65. AUDIT COMMITTEE ANNUAL REPORT 2010/11

Colin Earl, Director of Internal Audit and Governance, presented the submitted draft Annual Report for 2010/11.

The report showed key information relating to the Committee, its achievements during the year and key targets for 2011/12.

The report also showed that the Committee had fulfilled successfully its terms of reference and had helped to improve the Council's governance and control environments.

Resolved:- (1) That the Annual Report for 2010/11, as now submitted, be approved.

(2) That the Chair present the report to the next appropriate meetings of the Cabinet and Council.

P66. COOPTION ONTO THE COMMITTEE

Resolved:- That consideration of this matter be deferred.