

**AUDIT COMMITTEE  
16th March, 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 Alison Ormston (KPMG)

**P55. MINUTES**

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

**P56. ACCOUNTING POLICIES**

Derek Gaffney, Chief Accountant, presented the submitted report indicating that Section A14 of the Financial Regulations required the Strategic Director of Finance to determine the Council's accounting policies and ensure they were applied consistently.

International Accounting Standards (IAS) 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' set out the principles to be followed in :-

- selecting accounting policies
- accounting for changes in accounting policies, accounting estimates and errors
- the disclosures needed to help users to understand them and how they had been implemented

The Council prepared its Statement of Accounts following the Code of Practice on Local Authority Accounting in the United Kingdom and this reflected fully the requirements of IAS 8.

The report detailed the policies that the Strategic Director of Finance had chosen and recommended were applied in the preparation of the 2010/11 and 2011/12 Statement of Accounts.

Resolved:- That the accounting policies to be applied in the preparation of the Council's 2010/11 and 2011/12 Statement of Accounts, as now submitted, be approved.

**P57. VALUE FOR MONEY AUDIT APPROACH 2010/11**

Stuart Booth, Director of Central Finance, introduced the submitted KPMG Value For Money audit approach 2010/11 report which summarised the planned external audit work in relation to fulfilling their responsibilities for assessing the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources which would enable them to form their annual Value For Money Conclusion.

Alison Ormston (KPMG) presented briefly the report indicating that the new approach no longer required the Use of Resources scored assessment which was abolished with the Comprehensive Area Assessment (CAA) in 2010. The report summarised the new approach, outlining the background and how it would be structured under the following two themes:-

- Assessing the Council's arrangements for securing financial resilience
- Assessing the Council's arrangements for challenging how it secures economy, efficiency and effectiveness

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

- review and factoring in of risks
- sustainability of carbon footprint
- benchmarking

Resolved:- That the new Value For Money audit approach to be adopted by the Council's external auditors (KPMG) in 2010/11, as now submitted, be noted.

#### **P58. PREPARATION OF ANNUAL GOVERNANCE STATEMENT 2010/11**

Colin Earl, Director of Internal Audit and Governance, presented the submitted report indicating that the Council was required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. The Statement identified the arrangements in place within the Council for ensuring its activities were carried out in a fair and proper manner.

The report set out the process for producing the AGS for 2010/11 in accordance with statutory requirements and ensuring corporate ownership and accountability for its production.

The timetable was submitted and the final AGS would be submitted to this Committee for approval on 20th July, 2011.

Resolved:- (1) That the proposals, as now submitted, for the production of the 2010/11 AGS be approved.

(2) That the timetable, as now submitted, for the preparation of the 2010/11 AGS be approved.

#### **P59. AUDIT COMMITTEE UPDATE - ISSUE 4**

Colin Earl, Director of Internal Audit and Governance, presented the submitted report indicating that the Better Governance Forum had issued recently its fourth edition of the Audit Committee Update series. The purpose of the publication was to provide members with direct access to relevant and topical information that would support them in their role.

The submitted fourth edition covered:-

- role of the Audit Committee in strategic risk management
- top 10 potential governance risks for 2011
- role of the Head of Internal Audit

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

- Council's risk positioning
- need to maintain good governance/processes led by this Committee

Resolved:- That the information be noted.

#### **P60. LOCALISM BILL - STANDARDS REGIME**

Colin Earl, Director of Internal Audit and Governance, presented briefly the submitted report setting out in more detail the changes to the Standards regime contained in the Localism Bill.

The report covered:-

- principal changes regarding authorities in England :-

- The power whereby the Secretary of State may by order specify the principles which are to govern the conduct of members would be repealed.
- The power for the Secretary of State by order to issue a Model Code of Conduct would be repealed.
- The duty of relevant authorities to adopt a Code of Conduct would be repealed. The Code of Conduct adopted by a relevant authority would cease to have effect, as would the undertaking to comply with such a Code.
- The power of the Secretary of State to issue a Code of Conduct as regards employees would be repealed (although this has never been implemented).
- The requirement to establish a Standards Committee would be repealed.
- Provisions whereby a Standards Committee has the same functions in relation to the parish councils within the principal authority's area would be repealed.
- The legislation regarding Joint Standards Committees would be repealed.
- Standards for England would be abolished together with Ethical Standards Officers.
- The current provisions regarding written allegations and the arrangements for their consideration and investigation would be repealed.

- replacement provisions

- Clause 15 provides that a relevant authority must promote and maintain high standards of conduct by members and co-opted members of the authority
- Clause 16 provides that a relevant authority may adopt a Code dealing with the conduct that is expected of members and co-opted members when acting in that capacity
- Clause 17 provides for disclosure and registration of members' interests (potential regulations were set out)
- Clause 18 provides that a member commits an offence if, without reasonable excuse, he or she fails to register a financial or other interest in accordance with Clause 17 Regulations, fails to disclose an interest of a kind specified in Clause 17 Regulations before taking part in business relating to the interest, or takes part in business to which the interest relates contrary to a prohibition or restriction in the Regulations

- the Bill contained an enabling power whereby an order could be made containing transitional provisions. This allowed for cases still in progress under the current regime when the repeals and amendments came into force. In particular, provision could be made for an allegation or case that was being investigated by Standards for England or an Ethical Standards Officer to be referred to an authority of a kind specified in the order or to be dealt with in accordance with provisions made by the order (proposed transitional measures were set out)

Resolved:- That the information be noted .