

AUDIT COMMITTEE
Wednesday, 1st June, 2011

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

Also in attendance were Councillor Wyatt (Cabinet Member for Resources and Commissioning) and Mr. S. Clark (KPMG)

P1. MINUTES

Resolved:- That the minutes of the previous meeting held on 13th April, 2011 be agreed as a correct record.

P2. AUDIT COMMITTEE WORK PLAN

Colin Earl, Director of Internal Audit and Governance, presented the submitted report providing an updated workplan for the Committee for 2011/12.

The Plan had been updated to ensure it remained as up to date as possible taking account of current significant issues relating to the Committee's terms of reference.

Reference was made to the need to ensure that there was no overlap/duplication of work by this Committee and the newly established Self Regulation Scrutiny Select Commission.

Resolved:- (1) That the updated workplan for 2011/12 be approved.

(2) That a standing item "Chair's Briefing" be included on all future agendas.

P3. INTERNAL AUDIT ANNUAL REPORT 2010/11

Colin Earl, Director of Internal Audit and Governance, introduced Mark Bicknell (Internal Audit Manager) and Stephen Pearson (Audit Manager) and presented the submitted report providing information on the role of Internal Audit, work undertaken during 2010/11 and the overall opinion on the Council's control environment.

Based upon the Internal Audit work undertaken, it was possible to confirm that the Council's control environment for 2010/11 was adequate and operated satisfactorily during the year.

The report also referred to the formal review of the effectiveness of Internal Audit required to be completed in accordance with the Accounts and Audit Regulations 2011. The review concluded that there was an effective Internal Audit in place in 2010/11.

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

- opportunities for reciprocal reviewing of internal audit by local authorities

- Swinton Community School – Budgetary Control Arrangements
- National Fraud Initiative and multi-agency approach
- Out of Authority placements for looked after children
- bereavement services
- card payments
- need to ensure no overlap/duplication of work with the scrutiny select commissions

Resolved:- (1) That the Internal Audit Annual Report for 2010/11 be noted including confirmation that the Council's control environment was adequate and operated satisfactorily during the year.

(2) That confirmation there was an effective internal audit in place for 2010/11 be noted.

P4. ANNUAL GOVERNANCE STATEMENT 2010/11

Colin Earl, Director of Internal Audit and Governance, presented the submitted report which detailed the draft Annual Governance Statement for 2010/11 and outlined the Council's view of the application of good governance standards in the Council. The overall position was positive with progress being made on the significant issues raised in last year's statement.

The Statement would be presented to Cabinet for agreement following which the Leader of the Council and Chief Executive would be requested to sign the Statement. The agreed Statement would then be presented to this Committee for adoption along with the Statement of Accounts.

The report set out in detail the:-

- General principles
- Procedure
- Structure of the Annual Governance Statement
- Significant governance issues
- Review and monitoring

Resolved:- That this Committee notes:-

(a) the draft 2010/11 Annual Governance Statement

(b) the Statement needed to be presented to Cabinet for consideration and agreement

(c) the requirement for the Leader and the Chief Executive to sign the Statement following consideration by Cabinet and prior to its presentation back to this Committee and ultimately publication of the accounts in September, 2011.

P5. INTERNAL AUDIT STRATEGY AND AUDIT PLAN 2011/12

Colin Earl, Director of Internal Audit and Governance, presented the submitted report relating to the appended draft Internal Audit Strategy and the draft Internal Audit Plan 2011/12.

The report explained how the approach to the development of the Plan was in line with professional practice as well as detailing specific areas of activity intended to be covered.

Resolved:- (1) That the Internal Audit Strategy, as now submitted, be approved.

(2) That the Internal Audit Plan 2011/12, as now submitted, be approved.

P6. COMMUNITIES AND LOCAL GOVERNMENT - CONSULTATION ON THE FUTURE OF LOCAL PUBLIC AUDIT

Colin Earl, Director of Internal Audit and Governance, presented the submitted report relating to a consultation document issued by the Government, Department of Communities and Local Government on the 'Future of Local Public Audit'. It related to external audit arrangements and various associated matters.

The proposals provided for:

- The establishment of a regulatory framework that was similar to the framework for the private sector. It would involve the National Audit Office setting Codes of Practice for external audit. The Financial Reporting Council and 'Recognised Supervisory Bodies' would be responsible for regulating external audit services.
- Councils appointing their own external auditors
- An enhanced role for audit committees, including giving them responsibility for advising on whether non-audit work should be carried out by external auditors and potentially receiving whistleblowing complaints and ensuring they are investigated.
- The appointment of independent Chairs and Vice-Chairs of Audit Committees and a majority of independent members of Audit Committees

The paper also asked whether councils should be required to produce annual reports containing specific information.

The Committee considered, in turn, each of the 41 consultation questions for principal authorities, the proposed answers and the draft response to the consultation.

Resolved:- (1) That, subject to the need for qualification of the response to question 35 as now discussed, the proposed response to the consultation, as now submitted, be supported.

(2) That the possibility of appointing co-opted members to the Audit Committee be explored further.