

**AUDIT COMMITTEE  
15th February, 2012**

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

Also in attendance were Steve Clark and Rashpal Khangura (KPMG).

An apology for absence was received from Councillor Sangster.

**P36. MINUTES OF THE PREVIOUS MEETING HELD ON 18TH JANUARY, 2012**

Resolved:- That the minutes of the previous meeting held on 18th January, 2012 be agreed as a correct record.

**P37. AUDIT AND INSPECTION RECOMMENDATIONS UPDATE REPORT**

Consideration was given to a report presented by Sue Wilson, Performance and Quality Manager, which summarised the progress against recommendations from across all key external audits and inspections of Council services.

The report was intended to provide a high level analysis of progress with a particular focus on outstanding recommendations and new inspections since the date of the last report in October, 2011.

The Audit Committee noted that since the last report:-

- there have been no new inspections or external assessments
- the Children's Services Assessment graded Children and Young People's Services as 'Adequate'
- external peer challenge of Children and Young People's Services identified 6 Strengths and 5 Areas for Consideration
- currently 8 action plans relating to Inspection and Audit recommendations which were still "active" in the authority (i.e. contain outstanding recommendations which were still relevant)
- across the action plans 3 recommendations had been completed since the last report and 10 remained outstanding

Information was provided in answer to a number of questions.

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

**P38. PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2012/13 TO 2014/15**

Consideration was given to a report presented by Derek Gaffney, Chief Accountant, which stated that in accordance with the Prudential Code for Capital Finance, the Secretary of State's Guidance on Local Government Investments, the CIPFA Code of Practice for Treasury Management in Local Authorities and with Council Policy, the Strategic Director of Resources was required, prior to the commencement of each financial year to seek the approval of the Council to the following:

- The Prudential Indicators and Limits for 2012/13 to 2014/15 (Appendix A)
- A Minimum Revenue Provision (MRP) Statement which sets out the Council's policy on MRP (Appendix A)
- An Annual Treasury Management Strategy in accordance with the CIPFA Code of Practice on Treasury Management including the Authorised Limit (Appendix B)
- An Investment Strategy in accordance with the CLG investment guidance (Appendix B)

The proposed Treasury Management and Investment Strategy sought to minimise the risks inherent in operating a Treasury Management function during the difficult economic and financial conditions.

Operational Treasury Management Guidelines would continue to be kept in place and reviewed to ensure they were appropriate given the circumstances faced, supported by regular monitoring to ensure that any risks and uncertainties were addressed at an early stage and hence kept to a minimum.

Andrew Bedford, Strategic Director of Resources, advised that this was the Annual Strategy Report and showed good performance in a difficult economic climate. Information would be updated to show the latest position in reports to be made to the Cabinet on 22nd February, 2012.

Resolved:- (1) That the updated Treasury Management Code of Practice be approved.

(2) That the prudential indicators and limits for 2012/13 to 2014/15 as submitted be approved.

(3) That the Minimum Revenue Provision Statement as submitted be approved.

(4) That the Treasury Management Strategy for 2012/13 to 2014/15 and the Authorised Limit Prudential Indicator as submitted be approved.

(5) That the Investment Strategy for 2012/13 to 2014/15 as submitted be approved.

**P39. COMMUNITIES AND LOCAL GOVERNMENT - RESPONSE TO THE CONSULTATION ON THE FUTURE OF PUBLIC AUDIT**

Consideration was given to a report presented by Colin Earl, Director of Audit & Asset Management which referred to the Government's position on the future of local public audit, following the consultation carried out during Summer 2011.

Most of the original proposals were to be implemented following a consensus in favour of the proposals. However, there was one notable exception where proposals were not supported leading to a change in mind by the Government.

This related to proposals regarding the constitution of Audit Committees. Rotherham Council, as with many responders, disagreed with proposals to establish Audit Committees with independent chairs and a majority of independent members. Following the consultation, the Government proposed to leave arrangements for Audit Committees as there they were currently.

The Government did, however, intend to set up independent appointment panels who would be given other responsibilities that were originally planned to be given to Audit Committees, including advising on who councils should appoint as their external auditors, agreeing any non-audit work to be done by external auditors and holding 'prescribed person' status for the receipt of whistleblowing complaints (n.b.: prescribed person meant independent of the parent organisation).

Most of the proposals included in the consultation paper included logical proposals for the future of public audit following the abolition of the Audit Commission.

Resolved:- That the Government's proposals relating to the future of local public audit, following the consultation completed during Summer 2011 be noted.

#### **P40. KPMG GRANTS REPORT 2010/11**

Consideration was given to a report presented by Derek Gaffney, Chief Accountant, which highlighted the matters arising from the external audit of the Council's 2010/11 Government Grant Claims and Returns.

There were no outstanding risks and uncertainties as all 2010/11 Government grant claims and returns had been submitted and audited.

Resolved:- (1) That the external auditors report be noted.

(2) That the good performance of the Authority in preparing and submitting its 2010/11 claims and returns be noted.

#### **P41. CORPORATE RISK REGISTER**

Consideration was given to a report presented by Colin Earl, Director of Audit and Asset Management, which outlined the current corporate risk register summary highlighting the risks associated with the Council's most significant priorities and projects, and actions being taken to mitigate those risks.

The Council's key current risks continued to relate to the financial pressures faced by the Council. The report summarised the management actions that were being taken to mitigate these and other risks in the register.

It was important to review corporate risks on an ongoing basis, to ensure risks relating to the Council's key projects and priorities were effectively monitored and managed by the Strategic Leadership Team and Members.

The Committee reviewed each risk and information was provided in response to various questions.

Councillor Gilding asked how much it had cost the Council to terminate the RBT Contract early.

Councillor Gilding was provided with information on this and informed that the Council was to save £2.8m approximately per annum following the early completion of the Contract.

Resolved:- (1) That the corporate risk register summary as submitted be noted.

(2) That the current assessment of the Council's top four corporate risks be noted.