

**Audit and Risk Committee – Meeting held on Wednesday, 13th June, 2012.**

**Present:-** Councillors Abe, Brooker, A S Dhaliwal, Dhillon and Nazir.

Mr A Kwatra (Co-Opted Independent Members)

**Apologies for Absence:-** Councillor Chohan

**PART 1**

**1. Election of Chair**

**Resolved-** That Councillor Nazir be appointed Chair of the Audit and Risk Committee for the municipal year 2012/2013.

(Councillor Nazir in the Chair)

**2. Election of Vice-Chair**

**Resolved-** That Councillor Brooker be appointed Vice-Chair of the Audit and Risk Committee for the municipal year 2012/2013.

**3. Declarations of Interest**

Cllr Brooker declared that he was an employee of First Group which was a contractor for Slough Borough Council.

**4. Minutes of the last meeting of the Audit Committee held on 27th March, 2012**

The minutes of the last meeting of the Audit Committee held on 27<sup>th</sup> March, 2012 were agreed as a correct record.

**5. Audit and Risk Committee Terms of Reference**

The Committee received the Terms of Reference which had been agreed at the meeting of the Council on 17<sup>th</sup> May 2012.

**Resolved –** That the Terms of Reference be noted.

**6. Internal Audit Progress Report**

Prior to receiving the Internal Audit Progress Report, representatives from the Authority's internal auditors, RSM Tenon, outlined their function as an independent assurance provider to the Council on matters of audit, risk and control arrangements. Their findings would be routinely presented to the Committee through quarterly progress reports and an annual report. Members noted these arrangements and a short discussion followed on which audits were currently being undertaken.

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Following this discussion, the Committee received the Internal Audit Progress Report Q4. Members were informed that six final reports relating to quarter 4, 2011/12 had been issued since the last meeting of the Audit Committee. Five reports had resulted in a positive assurance opinion and one on financial management & procurement at a senior school had resulted in a negative opinion. It was noted that none of the findings in the progress report would have an effect on the year-end opinion. A further seven reports had been issued in draft form, which would be submitted to the next meeting.

Members discussed the final report issued on the audit of the senior school. This report been requested by the Council to determine whether robust internal controls were in place and whether these were operating effectively in practice. It was outlined that the School had entered into five finance leases, contrary to government guidance.

Officers outlined the recommendations which had been made on financial management controls and it was noted that an officer from the Council's finance team had been seconded to the School to assist with addressing the weaknesses identified. Members were informed that in future specific targeted testing would take place at the school to ensure procedures were being adhered to. It was also noted that an Interim Headteacher had been appointed to the school and that the financial difficulties of the school were being discussed at meetings of the Schools Forum.

The Committee also discussed an audit of procurement which had highlighted weaknesses in the Contracts Register. A recommendation had been made to ensure that the Contracts Register was always updated with complete information. Training sessions were being implemented to clarify the procedures for officers involved with the procurement process.

**Resolved** – That the Internal Audit Progress Report be noted.

**7. Internal Audit Annual Report 2011/2012**

The Committee received the Internal Audit Annual Report 2011/12. The report outlined the opinion of the Head of Internal Audit following the work carried out during the previous financial year. Opinions, relating to governance, risk management and control, had received an 'amber' opinion. It was explained that the assurances provided by the authority's previous internal auditors, Deloitte, covering the period 1st April 2011 to 31st December 2011, had been taken into account when forming these opinions.

In the ensuing discussion, Members asked for further details on why Property and Asset Management had received a red audit opinion. It was explained that sufficient measures were not in place to ensure that agreements with asset valuation providers were completed prior to valuations being received. The Interim Head of Finance, Ms Emma Foy, explained that a response had been made to the weaknesses identified in the review. The internal auditors also noted that the findings did not represent a significant control issue.

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**Resolved** – That the Internal Audit Annual Report 2011/12 be noted.

**8. Annual Governance Statement**

The Committee received the Annual Governance Statement (AGS) 2011-12. The Senior Support Officer (Finance & Property), Mrs Jaki Salisbury, presented the document and explained its purpose as an assessment of the authority's governance over the past year. The statement outlined how the Council had identified and communicated the authority's intended outcomes for citizens; how the council had measured quality of services; how the authority had defined and documented governance responsibilities; and how the authority had ensured that financial management arrangements conform with governance requirements. The Audit and Risk Committee formed part of the requirement to review and scrutinise how the Council was performing and the Committee had met at intervals over the past year to consider the work of, and recommendations made by, internal and external auditors.

The statement also outlined significant governance issues which had been identified in the AGS in 2010-11, such as ensuring quality in safeguarding services and reform of procurement processes. The report highlighted the actions that had been taken in the year to resolve these, and the improvements which had been made to service provision.

In the short discussion that followed, Members were informed that progress had been made on ensuring that business continuity planning had been updated to coincide with new structures. It was confirmed that a report would be presented in due course to the Corporate Management Team, Cabinet and Overview and Scrutiny Committee.

**Resolved** – That the Annual Governance Statement 2011-12 be noted.

**9. Training plan for Audit Committee - verbal update**

The Interim Head of Finance presented the training plan for Members of the Audit and Risk Committee. This would be carried out by officers from internal and external audit and the finance team and would take place prior to each meeting. It was agreed that training sessions would be held immediately prior to the scheduled meetings of the Audit and Risk Committee and would commence at 5.45pm.

A training programme for Members of the Committee would be presented to the next meeting in September 2012. It was also proposed that officers from internal audit would circulate a 'self-assessment toolkit' to Members following the meeting of the Committee in November 2012.

**Resolved** - That the verbal update and future arrangements for training sessions for Members be noted.

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The District Auditor, Mr Chris Westwood, presented an update for the Committee on the role of the Audit Commission as external auditors for the Council. It was explained that their specific function was to sign off the accounts of the Authority, to ensure value for money and to look at overall stewardship of public funds and its statutory function as a body to which the public can raise issues of financial management which can be taken up and investigated. The proposed abolition of the Audit Commission and its replacement by a private provider was also detailed for the Committee. Mr Westwood also provided information with regard to the Annual Audit Letter, which would be presented at the next meeting of the Committee.

In the discussion that followed, Members made a number of queries about the new arrangements for external audit once they had been passed to the new provider. On issues of quality and accountability, it was explained that the Financial Reporting Council, as the regulator for corporate governance, would take up these matters through its Audit Inspection Unit. The National Audit Office would take over the responsibility for the Code of Audit Practice.

**Resolved** – That the verbal update be noted.

**11. Financial Statements**

The Interim Head of Finance, tabled three documents which were provided for the Committee's information. These were the Comprehensive Income and Expenditure Statement for the year ended 31st March 2012, the General Fund Revenue and Capital Budget Outturn Report 2011/12 which had been presented to the meeting of the Cabinet on 11<sup>th</sup> June 2012, and a guidance document from the Chartered Institute of Public Finance & Accountancy detailing the role of the Chief Financial Officer. Each of these documents was briefly explained as part of the Committee's expanded function of recommending for approval of the authority's accounts. These documents were also brought to Member's information with reference to a training session which was due to be held in the forthcoming weeks, which Members were encouraged to attend.

**Resolved** – That the update be noted.

**12. Date of the next meeting - Monday 24th September, 2012**

**Resolved** – That the date of the next meeting be Monday, 24<sup>th</sup> September 2012. A training session for Committee Members would be held prior to the meeting at 5.45pm.

Chair

(Note: The Meeting opened at 6.40 pm and closed at 8.05 pm)