

**Audit and Risk Committee – Meeting held on Monday, 24th September, 2012.**

**Present:-** Councillors Nazir (Chair), Brooker, Dhillon and Mr Kwatra (Co-Opted Independent Member)

**Apologies for Absence:-** Councillor Chohan and A S Dhaliwal

**PART 1**

**13. Declarations of Interest**

There were no declarations of interests.

**14. Minutes of the previous meeting held on 13th June 2012**

**Resolved –** That the minutes of the meeting held on 13<sup>th</sup> June 2012 be approved as a correct record.

**15. Draft Annual Audit Letter**

The District Auditor, Mr Chris Westwood, presented the Draft Annual Audit Letter for the Committee's information. It was explained that the letter would be submitted to the meeting of the Full Council on 27<sup>th</sup> September. The Annual Governance Report outlined the extensive work which had culminated in his unqualified final opinion, which formed the basis for this final letter.

**Resolved –** That the Draft Annual Audit Letter be noted.

**16. Annual Governance Report (Audit Commission)**

The District Auditor, Mr Chris Westwood, presented the external auditor's Annual Governance Report. The report summarised the findings of the 2011/12 audit and included issues arising from the auditor's assessment of the Council's financial statements and value for money.

The Committee's attention was drawn to a number of specific points. The Committee was requested to note the Council's approach on the uncorrected errors based on misstatements identified during the audit. The Interim Assistant Director of Finance, Mr Mark Taylor, outlined the Council's response to the errors and that the District Auditor's findings had been accepted by the Council. The Committee also noted the corrected errors which had been addressed in the revised financial statements. Mr Taylor outlined the agreed amendments.

The draft letter of management representation was also presented for the Committee's approval. The letter encompassed the representations which had been presented to the Council in connection with the annual audit. The Committee was requested to approve this letter. The Committee was also asked to agree the Action Plan attached in Appendix 6. This plan set out actions which had been recommended in agreement with the Council.

**Resolved –**

- a) That the report be noted and that the District Auditor's opinion be endorsed.
- b) That the Council's approach on unadjusted errors be confirmed.
- c) That the adjustments to the financial statements be noted.
- d) That the letter of representation in Appendix 4 be approved.
- e) That the Council's response to the action plan in Appendix 6 be agreed.

**17. Value for Money Conclusion - Summary of Findings (Audit Commission)**

Mr Westwood, presented the Value For Money – Summary of Findings report. The report looked at findings and based on conclusions reached on the Council's ability to secure financial resilience against risk and instability and whether the budget had been efficient and effective. Mr Westwood summarised the findings for the Committee. The findings covered a number of areas including procurement; the resilience of the finance team; the closedown of accounts; financial arrangements; reserves and balances; school finances; the capital programme; the senior management structure; the use of consultants and temporary staff; and workforce planning.

Members requested further information on the use of interim staff and the under-spend on the Council's 2011/12 capital programme. It was confirmed by the Interim Assistant Director of Finance that a new permanent finance team, including a new permanent Financial Controller, were being recruited and all interim staff would finish by the end of October. On the capital under-spend, it was explained that this was due to delays and slippage on major projects, such as housing. It was hoped that the creation of the Local Asset Backed Vehicle would increase the rate of capital spending.

**Resolved –** That the Draft Annual Audit Letter be noted.

**18. 2011-12 Statement of Accounts**

The Interim Assistant Director of Finance, Mr Mark Taylor, presented the 2011-12 Statement of Accounts. The Committee was asked to view, comment on and recommend to full Council their adoption. The statement was briefly outlined with reference to the Comprehensive Income and Expenditure Statement and the Council's Balance Sheet. Mr Taylor also explained the key points for the Committee's attention including the movement in reserves. Mr Taylor emphasised that the statement had been thoroughly analysed by the external auditors and it was a true statement of the accounts of the Authority.

In the ensuing discussion, Members requested further information on the income and expenditure compared to last year. Mr Taylor explained that last

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year the Council had produced a balanced budget, and for the current financial year the Council had ended with a surplus of around £3m. Officers also answered questions regarding payments for Private Finance Initiatives.

It was put to the Committee that they recommend to full Council the 2011/12 Statement of Accounts be adopted in line with good practice. It was agreed this recommendation would be made.

**Recommendation to Council** – That the 2011-12 Statement of Accounts be approved and signed in line with good practice.

**19. Internal Audit Progress Report**

Mr Daniel Harris, Internal Audit Manager, presented the Internal Audit Progress Report. Members were given a brief description of the purpose of the Internal Audit Report, which was to inform the Section 151 officer of the overall progress of the various reports and investigations which the internal auditors were currently undertaking. Members were given brief summaries of each investigation, which were assigned an assurance opinion. It was noted that eleven reports had been finalised.

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

**20. Employees Declaration of Interests Internal Audit Report**

Mr Harris presented the Employees Declaration of Interests Internal Audit Report. This audit had been undertaken on the request of senior management who wished to tackle perceived weaknesses. The conclusion of the Internal Auditors had been that robust systems had not been in place to ensure employees had been required to declare relevant interests. The main issue arising from this audit was that employees who would be required to complete a declaration of interest form had not been identified and the current system of recording interests was unwieldy. It was explained that steps had already been taken to procure and implement a new electronic system for logging interest forms. The Assistant Director of Professional Services, Mr Kevin Gordon, explained that this would replace the current paper-based system.

Members commented that it was reassuring that the matter had initially been raised as an issue by the Authority, demonstrating a good working relationship between systems of internal control.

**Resolved** – That the Employees Declaration of Interests Internal Audit Report be noted.

Chair

(Note: The Meeting opened at 6.32 pm and closed at 7.29 pm)