

**Audit Committee – Meeting held on Thursday, 17th June, 2010.**

**Present:-** Mr Kwatra, Councillors Dhillon and Small

**Apologies for Absence:-** Councillors Chohan, Haines and Walsh

**PART I**

**1. Election of Chair**

**Resolved** – That Mr A Kwatra be elected Chair of the Committee for the ensuing year.

(Mr Kwatra in the Chair)

**2. Election of Vice-Chair**

No Vice-Chair was appointed.

**3. Declarations of Interest**

None.

**4. Minutes of the last meeting held on 4th March 2010**

The Minutes of the meeting held on 4<sup>th</sup> March 2010 were agreed as a correct record and signed by the Chair.

**5. Order of Business**

The Chair advised that he intended to vary the order of business of the agenda with the consent of the members of the Committee to enable Mr Philip Sharman and Mr Alistair Rankine of the Audit Commission to speak on their reports.

**6. Audit Progress Report 2009/10**

Mr Sharman introduced the Audit Progress Report dated June 2010. The report summarised the main outputs from the 2009/10 Audit together with indicative dates for the production of final audit reports. The progress report related only to the Code of Practice Audit and excluded CAA related activity. The report would be updated on a quarterly basis and used to track progress on the Audit at quarterly meetings with senior management and would be presented as a standing item to each meeting of the Audit Committee. With regard to the final audit reports with indicative dates before September 2010 Members were advised as follows:

- The Annual Opinion for 2009/10 had been reported to the Audit Committee in March 2010.

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- The Exit Strategy for shared services would be reported in the future.
- The Pre-Statements audit memorandum was on the agenda for the meeting that evening.

The remainder of the reports would be submitted to the Committee in due course.

With regard to the use of resources Mr Sharman advised that the new coalition government had announced that the CAA would be discontinued. The Audit Commission would be producing a Value for Money conclusion rather than scoring against Use of Resources and this would be reported in due course.

In addition to the progress report Members had been provided with a copy of the Audit Commission's National Studies Programme detailing national reports that had been published. It was proposed to update this on a rolling basis at each Audit Committee and provide members with the opportunity to raise any questions or issues on an area that might be of particular interest to the Council.

In answers to questions Mr Sharman advised that talks were currently in hand with regard to alternative performance management arrangements following the abolition of the CAA.

**Resolved** – That the Audit Progress Report – June 2010 - be noted.

### **7. Pre-Statement Audit Memorandum 2009/2010**

The Committee had been provided with the Pre-Statement Audit Memorandum of the Council's material financial systems. The work reported had been undertaken by the Audit Commission between February and April 2010 and comprised a review of the Council's material financial systems and the operation of key controls. There were a number of headline messages to report which included:

- The outcome of the Pre-Statement Audit had been in line with expectation.
- Officer action had been taken to deal with underlying cultural problems.
- A number of areas had been identified where further work was required.
- A concern had been raised regarding the housing rent system suspense accounts and an IT Assurance Auditor would be brought in to ensure accuracy and completeness in this area. There would be an update at the next meeting.

The Director of Resources advised that much attention had been given to operational aspects of People 1<sup>st</sup>. Members were aware that the functions undertaken by People 1<sup>st</sup> were being incorporated back into the Council's functions. The Director stressed that the concerns that had been raised were

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with regard to the control systems and not the actual transactions that had been undertaken.

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

### **8. Terms of Reference of the Audit Committee**

The Committee noted the Terms of Reference of the Committee and need for them to be reviewed to ensure independence and objectivity of Internal Audit. It was also noted that the Committee was responsible for **monitoring** risk management for the authority and the preparation of the Annual Governance Statement (AGS). It was agreed that the Terms of Reference would be reviewed for report back to the Committee at its September meeting.

**Resolved** – That the Terms of Reference of the Committee be reviewed for report back to the September meeting of the Committee.

### **9. Head of Internal Audit Opinion 2009/2010**

The representative of the Interim Head of Audit and Risk Management introduced the report and advised Members of the reporting requirements as set out in the CIPFA Code of Practice for Internal Audit in Local Government.

From the Internal Audit work undertaken in 2009/10 it was the opinion of the Head of Audit and Risk Management that the Authority could provide reasonable assurance that the systems of internal control that had been in place at Slough Borough Council for year ended 31<sup>st</sup> March 2010 accorded with proper practice.

The report set out a number of areas where improvements could be made and detailed recommendations where an audit had found limited and no assurance.

In discussing the report Members of the Committee agreed a number of recommendations:-

- In future the report should highlight any areas where recommendations had not been implemented.
- Directors should be asked to attend the Audit Committee to discuss any audit recommendations relating to their service areas.
- The Director of Education and Children's Services should be invited to attend the meeting in September to discuss schools issues including local policy issues, schools balances and the National Regulatory Framework.
- A report on the FMC Assessment progress should be presented to the September meeting.
- The Risk Management reports for the Council's three main Capital Projects – Heart of Slough, Chalvey and Britwell should be reported to a future meeting.

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The Director of Resources advised that action had been taken to realign some support services which would show significant improvements in accountability and responsibility.

The Director of Resources tabled a draft copy of the Annual Governance Statement (AGS) and advised that the issues for the Audit Committee were those highlighted as 'Significant Government issues' These included partnerships, transfer of People 1<sup>st</sup>, business continuity and the national reductions in public sector spending. The Director advised that the AGS formed part of the Statement of Accounts that would be submitted to the Council on the 29<sup>th</sup> June 2010. It was proposed that two members of the Audit Committee meet with the Director of Resources and Monitoring Officer to go through the Annual Governance Statement in detail prior to it being submitted to the Council meeting. This approach was agreed and it was agreed that Councillors Small and Dhillon would represent the Audit Committee at this meeting.

**Resolved** – That the Committee be kept informed about the –

- Reconciliation and reintegration of Finance Services.
- The three risks highlighted from the report i.e. partnerships, business continuity and the transfer of People 1<sup>st</sup>.
- Education and schools issues.
- The Authority's ability to cope with the national reductions in public sector spending whilst maintaining a high standard of public service.

### **10. Internal Audit 4th Quarter Update**

Noted.

### **11. Date of the next meeting**

Monday, 13<sup>th</sup> September, 2010.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.30 pm)