

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE – 24 NOVEMBER 2009

SUBMITTED TO THE COUNCIL MEETING – 15 DECEMBER 2009

(To be read in conjunction with the Agenda for the Meeting)

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| * Cllr Stephen Mulliner (Chairman) | Cllr Mrs Diane James |
| * Cllr Mike Causey (Vice Chairman) | * Cllr Tom Martin |
| Cllr Tony Gordon-Smith | * Cllr Ken Reed |
| Cllr Nicholas Holder | |
- * Present

Also present: Kathryn Sharp, Audit Manager, Audit Commission.

22. MINUTES

The Minutes of the meeting held on 22nd September 2009 were confirmed and signed.

23. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Diane James and Cllr Tony Gordon-Smith.

24. DISCLOSURE OF INTERESTS

There were no interests raised under this heading.

PART I – RECOMMENDATIONS TO THE COUNCIL

There were no matters raised under this heading.

PARTS II & III – MATTERS OF THE REPORT

Background Papers

The background papers relating to the following report items in Parts II and III are as specified in the agenda for the Audit Committee.

Part II – Matters reported in detail for the information of the Council

There were no matters falling within this category.

Part III – Brief Summaries of other matters dealt with

25. REVIEW OF PROGRESS IN IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Agenda Item 5, Appendix A)

RESOLVED that following consideration of the information contained in Annexe 1 to the agenda papers the following actions be taken;

- i) that officers ensure project completion dates falling on public or Council holidays are bought forward accordingly. Any project requiring an extension period would need to seek the Committee's endorsement.
- ii) the Head of Service for Revenues and Benefits be requested to provide a project update report to all the Committee members by 27 November 2009 for all outstanding recommendations and those projects with completion dates falling before 31 December 2009.
- iii) following a discussion concerning IA09/26.003 Performance indicators NI185 and NI194, the Sustainability Coordinator to report back to the next meeting of the Committee concerning the regularity of reporting management information on energy and CO₂.
- iv) that officers produce a report for any audit recommendations deemed to be at risk of failing to reach completion by the given deadline. This to be provided in advance of each meeting.

26. NATURAL RESOURCES KEY LINE OF ENQUIRY FOR THE 2009/10 USE OF RESOURCES ASSESSMENT (Agenda Item 6, Appendix B)

- 26.1 The Sustainability Coordinator gave a presentation to the Committee that outlined the Natural Resource Key Line of Enquiry. It was explained that in order to lead by example the Council was currently assessing its own environmental impact in terms of carbon emissions resulting from energy use. Projects looking at water usage would follow.
- 26.2 A Carbon Management Programme which commenced in June 2009 had produced a plan to reduce emissions by 25% by 2015. A plan for the next 15 years would go before the Executive in April 2010.
- 26.3 In 2010 the Audit Commission will assess the Council on its use of natural resources, its impact on the natural environment and the level of partnership working undertaken in order to achieve its low carbon target.
- 26.4 It was noted that the greater part of the Council's emissions arose from transport and building usage with the Leisure Centres contributing 60% of the building usage total.
- 26.5 A gap plan was being undertaken to look at current and future Council projects such as the new Godalming Leisure Centre and the emissions produced both during construction and when it was up and running.

RESOLVED that Officers should consider including CO₂ emissions resulting from travel to work and meetings by staff and members in the ongoing assessments.

27. PROGRESS REPORT: LANDLORD SERVICES AUDIT COMMITTEE INSPECTION (Agenda Item 7; Appendix C)

- 27.1 The Committee acknowledged the progress made. It was requested that clarification of the information provided in the bar chart be provided directly to the members of the Committee, together with an indication of the resources spent on achieving the recommendations to date and on further work.

RESOLVED that the contents of the report be noted.

28. INTERNATIONAL FINANCIAL REPORTING STANDARDS – UPDATE AND PROJECT PLAN (Agenda Item 8; Appendix D)

- 28.1 The Committee received a presentation from Kathryn Sharp, Audit Manager, Audit Commission.
- 28.2 The IFRS was a new framework for accounting standards. It had been implemented across the private sector and the NHS. The timetable for implementation of this new standard in Local Government is 2010/11 and this would be done in accordance with new guidelines to be published in December 2009 by the Chartered Institute of Public Finance and Accountancy (CIPFA). In anticipation of these new guidelines the Council has produced a draft project plan.
- 28.3 The Standard required that the Council to look at assets, leased assets and housing stock on a different basis and all will need to be re-valued.
- 28.4 The Standard also required a value to be placed on areas such as leave not taken or carried over to a new financial year. This could potentially affect Council Tax levels and rents although the forthcoming guidelines from CIPFA in this area are expected to confirm that these effects should be neutralised. It was noted that the Council did not currently have a blanket annual leave policy and different staff have different leave years. A sample exercise to measure leave accrual was being undertaken.
- 28.5 The new Standards were complex and technical and would require a close project-management system of financial reporting. Project management would be the key to successful reporting and must ensure that staff across all departments, and especially Finance, Housing and Human Resources were contributing.
- 28.6 The Audit Commission would use the 2008/09 accounts as a baseline to measure future statements. The first-time adoption of the Standard would require measurement exercises that could be reproduced annually.

- 28.7 It was hoped that existing staff resources would be adequate to implement the new Standard, but specialist consultancy could be required during the first year as a one-off cost to establish and test asset arrangements.

RESOLVED that

1. the updated position with the accounting changes associated with the conversion to IFRS be noted;
2. officers would report to the March 2010 meeting with an updated project plan and resource statement once the detailed requirements under the new IFRS Code were known.

29. IMPLEMENTATION OF ITIL - PROGRESS REPORT (Agenda Item 9; Appendix E)

The Committee was content that the ITIL programme was now running satisfactorily.

RESOLVED that since the actions identified in the three original audit reports had now been implemented that the ITIL implementation programme was not required to report back to future Audit Committee meetings.

30. REVIEW OF PROGRESS IN ACHIEVING THE AUDIT PLAN 2009/10 (Agenda Item 10; Appendix F)

- 30.1 The Committee heard that many items had now commenced and sample-based testing requirements were being covered.

- 30.2 Top-up testing would be undertaken to cover the final month of the year.

RESOLVED that the Committee note the progress made to date:

31. CANCELLATION AND AMENDMENT OF INTERNAL AUDIT RECOMMENDATIONS (Agenda Item 11; Appendix G)

- 31.1 It was noted that the officer responsible for item IA07/14/2 IT Systems Development on the list of Internal Audit recommendations for amendment should be amended from Strategic Director to read Head of Service.

- 31.2 In relation to the item IA07/14/2 paragraph 4 of Appendix G, the Committee heard that the new Strategic Director would bring a strong skills base to his role. However, although it is the intention to develop Project Management skills within all departments, the Committee did not support the allocation of overall responsibility for this to the Strategic Director and instead

recommended that this be allocated to a Head of Service for whom the Strategic Director could act as a mentor if necessary.

- 31.3 The Chairman suggested that a completion date of 31 March 2010 for project item IA07/14/2 was optimistic given the apparent levels of Project Management skills currently available within departments. He suggested that it would be useful if a member of the Committee would monitor progress in developing project management skills within those departments. Cllr Mike Causey agreed to fulfil this role.

RESOLVED that

1. the proposal to cancel the Internal Audit recommendations at Annexe 1 to the agenda papers be endorsed, with the exception of IA09/35.005 'Health & Safety' which should be moved to the list of Internal Audit recommendations for amendment.
2. a member of the Audit Committee, Councillor Causey, would monitor the Project Management skills project and report back at future meetings.

The meeting commenced at 7.00 p.m. and concluded at 9.25 p.m.

Chairman