

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE – 22 MARCH 2010

SUBMITTED TO THE COUNCIL MEETING – 20 APRIL 2010

(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.

32. MINUTES

The Minutes of the Meeting held on 24 November 2009 were confirmed and signed.

33. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Mrs Diane James.

34. 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

35. **ANNUAL AUDIT LETTER** (Agenda Item 5, Appendix A)

Kathryn Sharp from the Audit Commission attended the meeting and took the Committee through the key messages outlined in the Annual Audit Letter. The Committee was reminded that the report summarised the findings of the 2008-09 audit and therefore many measures had already been implemented since that time in response to matters raised.

An explanation was given about the audit fees and the additional £7,500 fee charged for the requirement to audit group accounts and additional work undertaken responding to members of the public. The Chairman asked if this fee could be split between the two tasks and it was noted that, with regard to the group accounts, which related to the Shottermill Trust, it was being explored as to whether the assets of the trust could be treated as assets of Waverley Borough Council and if so, there was a possibility that there would be no further need for the group accounts. It was then reported that the Audit Commission would be undertaking additional work in 2010/11 in line with new requirements, the costs of which would be absorbed by the Commission and not create any increase in fees. The Council could also expect a rebate of approximately 6% of the fee in December 2010 associated with the International Financial Reporting Standards (IFRS).

RESOLVED that the Annual Audit Letter be received and noted.

36. **REVIEW OF PROGRESS IN IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS** (Agenda Item 6; Appendix B)

The Committee was invited to consider the action required in respect of any internal audit recommendations that were overdue or appeared likely to be implemented later than the target date. A number of officers were present at the meeting to explain the circumstances which may have caused either to occur.

Following consideration of the information contained in the annexes to the report, it was

RESOLVED that the following actions be taken:-

1. with regard to recommendations IA09/24.005 and IA09/23.001 relating to Revenues and Benefits, it was agreed that the target deadline be amended to 31 July 2010;
2. having reported back to the Committee with further information about NI185 and NI194, the Sustainability Co-ordinator proposed a variation to the original agreed action that management information on reducing carbon emissions should be emailed to CMT and the Audit Committee on a quarterly basis and concentrate only on levels for the main offices and leisure centres;

3. the impact of the 2 low emission pool cars on carbon emissions be evaluated and included as a note alongside the pie chart of levels, particularly since commuting figures were not able to be included as part of the indicator;
 4. the Head of Environmental Health was granted an extension to 31 May 2010 for the recommendations relating to Health and Safety and encouraged to implement a method of version control for the health and safety policy as soon as possible;
 5. with regard to the recommendations relating to the Frensham Ponds Car Park and Kiosk, the Head of Leisure Services explained that approval by the Executive had been delayed but everything was now in place for implementation by Easter; and
 6. officers be advised that supporting notes on Covalent should be updated no later than two weeks prior to the Audit Committee so that all matters being considered were as current as possible.
37. INTERNAL AUDIT PLAN 2010/11 AND AUDIT SERVICE PLAN 2010/11
(Agenda Item 7; Appendix C)

The Head of Internal Audit presented his draft Audit Plan for 2010/11. He advised the Committee that as part of the Foresight@Waverley Service Improvement Programme being undertaken by Jon Poore, Strategic Director, a review of Internal Audit was being carried out. This would be looking at opportunities for partnership/shared working with other local authorities and defining the service in terms of what must, should or could be provided in the future. The views of the Audit Committee would be sought as part of this review. It was noted that the number of audit hours allocated for 2010/11 was unlikely to be affected.

With regard to the housing property repairs audit, it was noted that this was about to be initiated as a priority and the Head of Internal Audit would email the Committee of the dates when the audit would commence and conclude.

The Head of Internal Audit drew the Committee's attention to the main issue in the Service Plan for 2010/11, which was the Review of the Internal Audit Service. The Committee was concerned about the amount of time allocated to partnership working and was conscious of the need to identify and provide the correct resources to deliver the Internal Audit function.

RESOLVED that

1. the amendments to the 2009/10 Audit Plan, as contained at Annexe 2, be noted;
2. observations on the Audit Plan for 2010/11 be passed to the Head of Internal Audit;
3. the Service Plan at Annexe 3 of the report be noted; and

4. a report on the revisions to the Internal Audit Strategy be submitted to the Committee in the Autumn in preparation for the 2010/11 Audit Plan.

38. NATIONAL FRAUD INITIATIVE 2008/09 (Agenda Item 8; Appendix D)

RESOLVED that the Committee note the progress being made and that to date no significant issues had been identified.

39. ANTI FRAUD AND CORRUPTION ARRANGEMENTS (Agenda Item 9; Appendix E)

The Committee noted that publicity of arrangements was a significant deterrent to fraud and corruption.

RESOLVED that the arrangements in place to counter fraud and corruption be noted.

40. CODE OF CORPORATE GOVERNANCE ACTION PLAN (Agenda Item 10; Appendix F)

The Head of Internal Audit reported that he was hoping to raise awareness of the Code of Corporate Governance amongst officers and councillors.

RESOLVED that the progress made on the Code of Corporate Governance Action Plan be noted.

41. RISK MANAGEMENT FRAMEWORK (Agenda Item 11; Appendix G)

The Committee identified this report as one of the most informative documents on their agenda and recognised the importance of keeping key business risks under regular review.

RESOLVED that

1. the Risk Management Policy and Process Document be amended as follows and approved:-

Paragraph 4.1 - to refresh current key business risks at least annually (instead of every 2 years) and more frequently if appropriate;

Paragraph 4.2 - in bullet point 2, the Risk Management Officer Group review the entire Corporate Risk Register on a three-monthly basis and in bullet point 3, the Group reports above-threshold risks to CMT and, if necessary, the Audit Committee on a three-monthly basis; and

2. the report be submitted to the Executive for consideration at its next meeting.

42. STATEMENT OF ACCOUNTS UPDATE (Agenda Item 12; Appendix H)

It was reported that the Shottermill Recreation Ground and Swimming Pool trust accounts have now been submitted to the Charity Commission and the Committee noted the requirement identified in the audit of the accounts that the Trust would need to meet on an annual basis. This meeting would be arranged to take place immediately after a programmed meeting of the Council.

RESOLVED that

1. the changes required to the 2009/10 accounts be noted;
2. the Audit Commission's governance report for the Shottermill Trust accounts for 2008/09 be received; and
3. the Deputy Chief Executive's action to change the asset de minimis level be applied from 1 April 2009.

43. INTERNATIONAL FINANCIAL REPORTING STANDARDS - UPDATE AND PROJECT PLAN (Agenda Item 13; Appendix I)

Kathryn Sharp gave an introduction to the report and commended the officers for their exemplary work in progressing the IFRS and for grasping a real understanding of the issues involved. She informed the Committee that she was very impressed with the preparation of detailed supporting papers and the ability to engage various services around the Council.

RESOLVED that

1. the project plan at Annexe 1 to the report be endorsed; and
2. requests that the Executive approves the carry forward of the unspent IFRS project budget to 2010/11.

44. COUNCILLORS IT ACCEPTABLE USE POLICY (Agenda Item 14; Appendix J)

The Committee considered a proposed Councillors IT Acceptable Use Policy relating to the use of IT facilities.

RESOLVED that subject to the removal of the word 'argumentative' from the second paragraph of Section 5.1, the policy be endorsed and passed to the Executive for approval.

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

Chairman

