

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE – 8 MARCH 2011

SUBMITTED TO THE COUNCIL MEETING – 12 APRIL 2011

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

- |                                    |                        |
|------------------------------------|------------------------|
| * Cllr Stephen Mulliner (Chairman) | * Cllr Mrs Diane James |
| Cllr Mike Causey (Vice-Chairman)   | * Cllr Tom Martin      |
| * Cllr Tony Gordon-Smith           | Cllr Ms Jane Thomson   |
| * Cllr Peter Isherwood             |                        |
- \* Present

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

31. MINUTES (Agenda Item 1)

RESOLVED that the Minutes of the Meeting held on 23 November 2010 be confirmed and signed.

32. APOLOGIES FOR ABSENCE (Agenda Item 2)

Apologies for absence were received from Cllrs Mike Causey and Jane Thomson.

33. DISCLOSURE OF INTERESTS (Agenda Item 3)

There were no interests raised under this heading.

**PART I – RECOMMENDATIONS TO THE COUNCIL**

There were no matters falling within this category.

**PARTS II AND III – MATTERS OF 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**

34. 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.

She commented on the good liaison with the finance team and reported that all recommendations had now been implemented.

RESOLVED that the Annual Audit Letter be received and noted.

35. CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT (Agenda Item 6; Appendix B)

Kathryn Sharp introduced this item and reported that Waverley had good arrangements in place for the preparation and administration of grant claims, claims were submitted on time and there were no material weaknesses identified during the audits. The officers agreed that the position had improved due to a good staff team and a management focus with attention from the Audit Committee on the issue of data quality.

RESOLVED that the Annual Report be received and noted.

36. AUDIT COMMISSION OPINION AUDIT PLAN (Agenda Item 7; Appendix C)

Kathryn Sharp drew the Committee's attention to the Audit Plan which set out the proposed work to be undertaken for the audit of the financial statements and the value for money conclusion for 2010/11.

RESOLVED that the Audit Plan be noted.

37. AUDIT PLAN PROGRESS FOR 2010-11, UPDATE ON THE STATUS OF AGREED RECOMMENDATIONS AND THE PROPOSED INTERNAL AUDIT PLAN FOR 2011/12 (Agenda Item 8; Appendix D)

The Internal Audit Client Manager circulated an updated version of Annexe 1 setting out progress made against the Audit Plan for 2010/11 and Annexe 2 showing the most updated notes on the Audit Recommendations overdue or due within the next month.

With regard to Audit Plan progress, it was explained that the audits relating to Reconciliations and Payroll could not be completed until early in 2011/12 because of the need to wait until the end of the year to finalise reconciliations, and for the introduction of the new payroll system which needed to be in place before it could be audited. This would be finalised in April.

The Committee agreed to amend the due date to 15 April 2011 for Action IA11/05.002 – Improvement in the Publication of the Members' Allowances Scheme to allow for the advertisement to be placed following approval of the Scheme for 2011/12 at the Council meeting on 12 April 2011.

RESOLVED that

1. the progress made to achieve the 2010/11 Audit Plan, as contained at Annexe 1, be noted;

2. the status of the recommendations to be implemented, set out at Annexe 2, as amended, be noted; and
3. the draft Internal Audit Plan for 2011/12 be adopted.

38. AUDIT SERVICE CONTRACT ARRANGEMENTS – 2010/11 AND BEYOND  
(Agenda Item 9; Appendix E)

The Committee was advised of the arrangements for appointing audit contractors for IT and General Audit reviews for the remainder of this financial year and for future years.

RESOLVED that

1. the Croydon Framework be used for both IT Audit and General Audit contracts with Deloitte and Touche for the 2011/12 financial year in accordance with the Council's decision in October 2010; and
2. participation in the East Surrey Consortium Contract tendering process for 2012/2013 and onwards be agreed.

39. WAVERLEY'S STATEMENT OF ACCOUNTS – UPDATE (Agenda Item 10; Appendix F)

The Committee considered the report updating members on the implications of proposed changes to the Accounts and Audit Regulations and the need to convert to International Reporting Standards (IFRS) for local authority accounting.

It was proposed that, subject to the new Regulations being implemented, the June meeting of the Audit Committee would no longer receive the Statement of Accounts for approval and instead they would be submitted to the September meeting having been certified in June by the Deputy Chief Executive. The Committee felt that there was merit in continuing to receive the draft accounts at the June meeting, particularly in 2011 following the election when there may be some newly elected councillors on the Committee. It was suggested that the Committee could take the opportunity to review the accounts on an informal basis in advance of giving formal approval to them in September. It was agreed that the process could be reviewed for approval of the accounts in 2012.

RESOLVED that

1. progress made implementing IFRS be noted;
2. the new accounting policy for component accounting be approved; and
3. the proposed changes to the regulations concerning the approval and publication of the Statement of Accounts be noted and a review of the procedure for approving the Accounts at the Audit Committee be undertaken for 2012.

40. EXCLUSION OF PRESS AND PUBLIC (Agenda Item 11)

At 7.58 p.m. it was

RESOLVED that, pursuant to Procedure Rule 20 and in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during this item there would be disclosure to them of exempt information (as defined by Section 100I of the Act) of the description specified in the following paragraph of the revised Part I of Schedule 12A to the Act, namely:-

1. Information relating to any individual.

41. ICT MANAGEMENT STRUCTURE (Agenda Item 12; (Exempt) Appendix G)

The Committee received the report requested at its last meeting setting out how other Surrey districts manage their ICT function.

The Chief Executive explained that the Heads of Service at Waverley had generic, flexible job descriptions and in line with other authorities, these generalist Heads of Service successfully manage technical or professionally specialist areas. There were advantages identified from having a non-IT specialist as the Head of Service, supported by professional experts reporting to them.

It was also reported that IT was one of the five streams being looked at by Surrey First for opportunities for collaborative working and jointly run services. The Committee was reassured that there was an expectation that within 3 and 5 years, IT could potentially be operated as a shared service. Officers were asked to research further which Surrey authorities currently outsourced their IT, and if not yet, what their proposals were for the future.

RESOLVED that the information received be noted.

**The meeting commenced at 7.00 p.m. and concluded at 8.22 p.m.**

Chairman