

MINUTES of the meeting of the Audit Committee held on 5 April 2011 at 7pm

Present: Councillor M Healy (Chair), Cllr E Hardiman, Cllr S Liddiard

Apologies: Mr T Oluwaleimu – Standards Independent Member

In attendance: Meinir Hall – Chief Accountant
Gary Clifford – Client Manager, RSM Tenon
Chris Harris – Head of Internal Audit, RSM Tenon
Andy Owen – Performance and Risk Officer
Julie Mayer – Senior Democratic Services Officer
Debbie Hanson – Audit Commission

For item 4 (4th Progress Report Internal Audit Plan 2010/11)

Mike Munro – Account Manager, Europa
Les Burns – Chief Highways Engineer, Europa
James Game – Business Improvement Officer, Sustainable Communities
Andrew Millard - Head of Planning and Transportation
Andrew Murphy – Head of Environment
Chris Stephenson – Corporate Performance Improvement Manager

1. MINUTES

The Minutes of the Audit Committee held on 17 February 2011 were approved as a correct record.

2. ITEMS OF URGENT BUSINESS

There were no items of urgent business. However, as this was the last meeting of the Audit Committee for the 2010/11 financial year; the Chair commended Cllr Liddiard's 100% attendance and retiring Cllr Hardiman for this service to the committee over the past three years.

3. DECLARATIONS OF INTEREST

There were no declarations.

4. FOURTH PROGRESS REPORT – INTERNAL AUDIT PLAN 2010/11

The Client Manager presented this report, which set out progress against the Internal Audit Plan for 2010/11 and internal audit's performance and management actions in response to the internal audit reports. Areas receiving adequate and limited assurance were reported in the appendices, which showed action plans and management responses. Officers from Europa and Sustainable Communities were in attendance to answer questions about significant and fundamental recommendations. The Chair went through the action plan, looking at the significant and fundamental recommendations in turn.

There was some challenge from the Europa officers as to whether or not the action points were valid. The Internal Audit officers advised members that the recommendations had been accepted and checked via their own quality assurance procedures. In concluding, the Chair felt that more clarity was required as to the boundaries of responsibility between Europa and Council officers. The Internal Audit officers advised that they had not been aware of any inaccuracies in the report but would revisit the areas in question. The Chair asked for a follow up report, resolving these differences of opinion, to come back to the first meeting of the Audit Committee in the new Municipal Year.

RESOLVED

- 1. That the reports issued by Internal Audit in relation to the 2010/11 Audit Plan be noted.**
- 2. That the progress against the Internal Audit Plan for 2010/11 be noted.**
- 3. That a follow up report on the significant and fundamental recommendations contained in the action plan, resolving any differences of opinion, be brought back to the first meeting of the Audit Committee in the 2011/12 Municipal Year.**
- 5. STRATEGY FOR INTERNAL AUDIT 2011/12 to 2013/14 and ANNUAL PLAN 2011/12**

The Head of Internal Audit presented this report, which detailed the Strategy for Internal Audit for 2011/12 to 2013/14 and sought agreement to the Annual Audit Plan for 2011/12. Members noted that, as part of the Council's Internal Audit Contract, an Annual Audit Needs Assessment was carried out by the Council's Senior Management and, from this, an Annual Audit Plan was produced. The Plan had been agreed by Directors' Board and was before the Audit Committee for approval.

The Internal Audit officers confirmed that there was sufficient time in the Plan to give an opinion on assurance; that it aligned with the Council's key risks and had been benchmarked against similar authorities.

Members noted Appendix B, which set out the operational programme for the year. Although core financial processes would be given priority, members were invited to advise Internal Audit of any specific areas of high risk. The priorities would then be revisited.

In response to a query from the Chair, officers advised that work would be starting in the next few weeks and some of this would be completed by the next Audit Committee. Members were also advised that the Internal Audit Team's new system for management actions had now gone live.

RESOLVED

- 1. That the Strategy for Internal Audit 2011/12 and 2013/14 be received and noted.**
- 2. That the Annual Audit Plan for 2011/12 be agreed.**
- 6. PROGRESS ON THE FINANCIAL STATEMENTS, PREPARATION OF ACCOUNTS AND THE IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Members were reminded that the annual financial statements would need to be produced (on an IFRS basis) from the 2010/11 Financial Year. The timetable for implementing the IFRS had been challenging, given the Council's limited resources and financial pressures. However, members noted that production of the accounts, in accordance with IFRS was one of the Director of Finance and Corporate Governance's Section 151 targets. The Director assured members that this work was on target; along with producing a balanced budget and unqualified audit opinion. Members were further assured that, following meetings between finance staff and the Principal Auditor, working papers were more efficient.

In responding to questions, the Group Finance Manager explained that there was an outstanding query on the treatment of public houses but considerable progress had been made following Cabinet's approval of the Asset Management Strategy in February.

Members noted that, for the first time, the Annual Statement of Accounts would not need to go before the Audit Committee prior to sign off. However, members would be able to see the draft accounts at the first meeting of the Municipal Year, in July 2011.

Members were reminded that any members who did not return their related party transaction declarations, would be named in the accounts.

Members discussed the Standards Committee's Independent Members' attendance at Planning Committees. Although the guidance on conduct and governance was valuable, members felt that Planning Committee members would also benefit from more technical advice and support. The Director advised that he would speak to the Monitoring Officer to ensure this would be covered under the Members' Development Programme. In concluding, the Chair felt this was timely, given the Development Corporation's move to Thurrock Council.

RESOLVED

- 1. That the steps taken by the Council to ensure the production of the financial statements be noted.**
- 2. That the progress on the implementation of IFRS be noted.**
- 3. That the treatment of non-current assets be noted.**
- 4. That the progress made against the recommendations of the Annual Governance Report be noted and that the Director of Finance and Monitoring Officer focus on planning training as part of the Members Development Programme for 2011/12.**

7. CORPORATE RISK AND OPPORTUNITY MANAGEMENT

The Performance and Risk Officer presented this report, which provided members with the outcomes of the latest review with regard to strategic/corporate risk and opportunity management. In summary, members noted that 12 issues had been added; no risks had been increased; 1 opportunity had decreased; 4 risks had decreased; 2 opportunities had increased; 13 items had remained static and three issues had been removed.

Members were asked to note a tabled update in respect of item 48 on the risk register, which had also been covered earlier on this agenda (IFRS). The revised document would be added to the web page for this meeting.

The Chair asked about the limited assurance given to CRB checks; mentioned in the earlier report on this agenda – Internal Audit; 4th Progress Report. The officer agreed to investigate this further, in consultation with the Internal Audit officers and rate it accordingly. However, members were assured that this had not compromised safeguarding in any way as it related to administrative matters. Cllr Hardiman suggested that CRB check application forms be placed in new members' induction packs.

In response to questions about new risks and opportunities, as set out in the Matrix at Appendix 1, the officer explained these as follows:

Risk increased: 50 (Primary School Standards) and 51 (Health Transitions and the potential extra burden on the local authority).

Opportunities decreased: 55 – 60 (for various regeneration opportunities).

Members noted how these entries on the Matrix would enable management to monitor progress as primary school standards rise (i.e. decreasing risk). As the various regeneration opportunities come to fruition, by 2014/15, the decreased risk from primary school standards would align with the increased opportunities for local people. In concluding, the Chair commended this as an excellent management tool.

RESOLVED

That following consultation with Heads of Service and Directors' Board, the outcomes of the latest review exercise with regard to strategic/corporate risk and opportunity management be noted.

The meeting finished at 8.35 pm

Signed by

CHAIR

DATE

**Any queries regarding these Minutes, please contact
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