

MINUTES of the meeting of Audit and Governance Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford, HR1 1SH on Tuesday 29 June 2010 at 2.00 pm

Present: Councillor ACR Chappell (Chairman)

Councillors: MJ Fishley, JHR Goodwin, KS Guthrie, AW Johnson, PJ McCaull and AM Toon

In attendance: Councillors

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor RM Smith.

2. NAMED SUBSTITUTES (IF ANY)

Councillor KS Guthrie substituted for Councillor RH Smith.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

The Chairman informed the meeting that agenda item no.10 (Minute no. refers) regarding Risk Management Review would be brought forward and considered after agenda item no.4.

4. MINUTES

RESOLVED: That the Minutes of the meeting held on 12 March 2010 were approved as a correct record and signed by the Chairman.

5. RISK MANAGEMENT REVIEW

The Deputy Chief Executive presented a report which gave an update on the process the Council follows for risk management and the way the risk register is used and updated as a positive aid to management. He emphasised that risk management was central to how the Council manages on a day to day basis.

He introduced Gilbert George, Risk Consultant (interim), and informed members that the work of Gilbert George was to assess the Council's compliance with its risk management processes. He was also addressing the risk management approach of the Primary Care Trust.

The Risk Consultant informed the Committee that the main points in his report were progress, concern and the areas for improvement. The improvement areas were contained in a previous report by Internal Audit and these were set out in Appendix A to the report. He had included actions taken to date and progress to be made. In referring to the Progress Findings in the report, he drew Members' attention that some Heads of Service were not complying in relation to the day to day function of risks and Risk Registers. He emphasised

the need for officers to fully understand the need for engagement in the day to day risk function in order to achieve compliance.

The Deputy Chief Executive informed the Committee that a programme would be put in place within the next few months which would concentrate in areas where the risk management issue was not so strong.

With regard to Appendix A it was suggested that dates for completion should be included where further action is required.

RESOLVED: That the Committee

- (a) notes progress being made and compliance/(non) with risk management process;
- (b) notes areas for further improvements (*see Appendix A*); and
- (c) receives a report in September 2010 outlining risk areas and mitigation to include dates for completion.

6. AUDIT FEE LETTER 2010/11 AND AUDIT OPINION PLAN

The Director of Resources presented a report of the work undertaken for 2010/11 financial year by the Audit Commission and the Commission's total indicative fee for 2010/11. He drew Members' attention to paragraph 2 of the report and informed the Committee that the Audit fee was for 2010/11 Audit Commission work and that the fee for the Audit Opinion Plan was for 2009/10.

Mr T Tobin, representing the Audit Commission, informed the Committee that Audit Opinion Plan looked at the opinion on the Accounts. The major areas of specific risks were set out in the table on page 21 with the Commission's response on how each risk area would be addressed.

The Chairman made reference to the planned work in relation to the Edgar Street Grid and emphasised the need for the Committee to see the completed report as early as possible.

Mr Tobin further stated that the Audit fee related to the total amount of work that the Commission would be dealing with and that the Commission had never equated the fee to a number of days for each piece of work. He added that the 6% refund of the fee was a decision that had been taken nationally.

RESOLVED: That the Committee

- (a) notes the content of the Annual Audit Fee Letter; and
- (b) notes the content of the Audit Opinion Plan.

7. ANNUAL GOVERNANCE STATEMENT 2009/10

The Chief Internal Auditor presented a report which requested the committee's approval of the draft Annual Governance Statement. He informed members that the report brought together all the Council's controls into one document and demonstrated the effectiveness of those controls. He referred to the significant governance issues shown in paragraph 5 of the Statement, Appendix 1, and emphasised that Risk Management was the key improvement area..

With reference to an issue raised, the Director of Resources informed the Committee that the formal assessment of the Council's system of internal audit had been completed and the Council had received a draft report and there was no need to have the system of Internal Audit on the Risk Register. The outcome of the review would be the subject of a report to the next meeting of the Committee.

RESOLVED: That the Committee

- (a) reviews the draft Annual Governance Statement 2009-10 attached as Appendix 1 to this report.**
- (b) approves the Annual Governance Statement 2009-10 for inclusion in the Statement of Accounts for 2009-10.**

8. AUDIT PLAN 2010/11

The Chief Internal Auditor presented the 2010/11 Audit Plan. He informed the Committee that the report detailed the work at Appendix 1 that internal audit would be carrying out in the current financial year on the systems of internal financial control. He would inform the Committee accordingly of any major changes to the work proposed.

RESOLVED: That the 2010/11 Audit Plan be adopted.

9. AUDIT SERVICES ASSURANCE REPORT 2009/10

The Chief Internal Auditor presented a report which updated Members on the status of various items of work and drew the Committee's attention to any key control issues. He emphasised that it was an end of year report and closed down three previous interim reports. He made reference to the ten key significant governance issues at Appendix 1 and the actions taken. In relation to issues raised he informed the committee that

- Item no.40 – completion would be in September 2010.
- Page 69 – Travel and Subsistence – the audit has been completed together with the follow up and a report would be presented to the next meeting.

He further informed the Committee that the overall system of internal control environment had been given a satisfactory audit opinion.

RESOLVED: That the report be noted.

10. STATEMENT OF ACCOUNTS 2009/10

The Technical Accounting Manager presented the 2009/10 Statement of Accounts. She drew Members' attention to an amended agenda page no.120 which had been circulated to members.

It was noted that on 23 June 2010 a workshop was held that covered in detail the Statement of Accounts. Councillor Fishley commended the approach emphasising the excellent workshop had added to overall understanding.

RESOLVED: That the Statement of Accounts for 2009/10 be approved.

11. CREDITOR PAYMENT AUTHORISATION

The Director of Resources presented a report on progress to ensure the Council requirements for Creditor Payment Authorisations are being carried out in accordance with the Council's Constitution. He drew Members' attention to paragraph 4 regarding the target timescales for making payments. He emphasised the need for payment time to be reduced and officers' awareness of cash flow for businesses being a factor. Members noted in regard to the Appendix to the report that

- 11 payment vouchers had been returned out of a total of 9,642 vouchers being raised in May.
- 82 payment vouchers had been returned out of a total of 32,367 for the three months.

RESOLVED: That the information on invoices rejected be noted.

12. WORK PROGRAMME 2010/1

The Director of Resources presented a report regarding the Committee's Work Programme for 2010/11. He informed the Committee that after 17 January 2011 there will not be a Use of Resources Inspection.

In response to an issue raised regarding a list of signed off contracts in the last six months, the Chief Internal Auditor informed Members that the follow up on the contractual issues will be completed to enable a report to be presented at the September meeting.

RESOLVED: That with the addition of

- (i) Review of Internal Audit for the September meeting.**
- (ii) Deletion of Use of Resources (Audit Commission) from the January meeting.**

the current work programme be approved as a basis for future agenda items.

The meeting ended at 3.28 pm

CHAIRMAN