

**MINUTES of the meeting of Audit and Governance Committee held at Council Chamber - Brockington on Tuesday 28 June 2011 at 2.00 pm**

**Present:** Councillor J Stone (Chairman)  
Councillor (Vice Chairman)

Councillors: CNH Attwood, EMK Chave, KS Guthrie, Brig P Jones CBE and PJ McCaull

**In attendance:** Councillors TM James

**52. INTRODUCTION BY THE CHAIRMAN**

The Chairman welcomed the new Members and Officers to the meeting and expressed his thanks to the Chairman, Vice-Chairman Members and Officers for their achievements with the previous Audit and Governance Committee. He also expressed his thanks to the Officers for the recent training event for Members and said that further sessions would be arranged in due course.

The Chairman drew attention to the fact that a Vice-Chairman still had to be appointed for the current municipal year and that an item would be placed on the Agenda for the next meeting.

**53. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor JW Miller.

**54. NAMED SUBSTITUTES (IF ANY)**

There were no named substitutes present at the meeting.

**55. DECLARATIONS OF INTEREST**

There were no declarations of interest made at the meeting.

**56. MINUTES**

**RESOLVED:** That the Minutes of the meeting held on 18th March 2011 be approved as a correct record and signed by the Chairman.

**57. ANNUAL AUDIT FEE LETTER AND AUDIT WORK 2011/12**

The Chief Officer - Finance and Commercial Services presented a report about the work to be undertaken for 2011/12 financial year by the Audit Commission. He said that the proposed indicative fee was £274,672 which was a decrease on the planned fees of £305,191 for 2010/11. Information about the reasons for the reduction was outlined in the report. He advised about the proposed outputs of the work which would cover the audit of

financial statements, value for money conclusion and Government accounts aspects. A separate audit plan would be issued in December 2011. This would include any risks that may be identified from the financial statements audit and a value for money conclusion may also be reflected in it. At that time if there were any fee amendments, they would be subject to discussion with the Officers and a further report would be submitted to the Committee. Due to the budgetary pressures facing local government during forthcoming years the Audit commission would be examining the Councils resilience arrangement to deal funding reductions through such areas as value for money, risks and savings, rather than concentrating on individual financial processes.

The Committee noted the main aspects of the report and received further information from the Interim Chief Internal Auditor about the work being undertaken by the Audit Commission. Members felt that it would be helpful to have some of the documents referred to in the report for background information and the Chief Officer - Finance and Commercial Services would arrange for these to be provided.

#### **RESOLVED THAT**

- (a) the content of the Audit Commission's Annual Audit Fee Letter be noted; and**
- (b) the planned outputs contained in the letter be noted.**

#### **58. AUDIT UPDATE 2011/12**

A report was presented by the Interim Chief Internal Auditor about the arrangements for dealing with the Council's internal audit provision and issues arising from the work recently completed. He advised that following a procurement process, KPMG LLP had been appointed as internal auditors subject to contract. Whilst contractual matters were resolved, KPMG LLP was providing interim support and the council's planned audit work was continuing. The company had also been assigned to provide audit and counter fraud services to Herefordshire Primary Care Trust (PCT) and Herefordshire Hospitals NHS Trust (NHS Trust).

The Committee noted that during this transitional phase, agreement had been reached that KPMG would second two members of staff into the Audit Services Team on a part-time basis. The new arrangements came into place on 16th June and would continue in the short term. In answer to a question from a Member, the Interim Chief Internal Auditor said that he could not give a precise date about when the contractual arrangements would be concluded because there were still certain factors governing the transfer of staff to KPMG. The Committee would be advised of progress in due course.

The Interim Chief Internal Auditor said that the Annual Assurance Report including the annual internal audit opinion was being finalised for consideration at the next meeting of the Committee. He also said that the Audit Team was refreshing the Audit Plan for 2011/12 which would also be presented to Members when finalised. Members also thought it would be helpful if they could be provided with a copy of the Council's corporate risk register.

#### **RESOLVED THAT**

**the report be received and noted.**

## 59. STATEMENT OF ACCOUNTS

The Head of Corporate Finance presented a report about the 2010/11 Statement of Accounts. The purpose of the Statement of Accounts was to provide information to the public, Members, employees and other interested parties, such as the Audit Commission. The Statement was a technical document which set out the Council's financial accounting information. Management accounting information was reported to Cabinet and the Scrutiny Committees throughout the year and the out-turn position would be reported to Cabinet on 30th June.2011. She outlined the salient points of the Statement and explained the role of the Committee in relation to it.

The Head of Corporate Finance confirmed that due to a change to the accounts regulations the Chief officer – Finance and Commercial Services was required to certify the accounts by the end of June. The Audit & Governance Committee would be required to review and approve the accounts by the end of September.

The Committee noted that the focus of the formal Statement of Accounts was the financial accounting and external reporting requirements of the Council, and that this would be reported to the Committee at its meeting in September 2011. The Chairman felt that it would be useful to have an informal run through this topic prior to the meeting. Members asked a number of questions about the statement including:-

- the anticipated income from the new livestock market and on how its use would expand;
- net borrowing to support balances – it was noted that borrowing supported the capital programme and was not used to support the revenue account;
- more information about the job-titles of those senior staff who received a salary of £50,000 or more – it was noted that in a number of instances those included in the statement were on salaries below this figure but appeared in the statement because redundancy payments had taken them over this threshold. The Chief Officer - Finance and Commercial Services drew attention to the requirements in place for the job titles of only senior managers to be listed. He also drew attention to the fact that there was a considerable amount of information on the Council's website about the salary ranges of senior officers and that he would be able to provide Members with an appropriate list;
- Members would find it useful to have a summary sheet about the information contained within the document which set out the overall position of the Council's finances; and
- the provision of a work plan for the Committee

### **RESOLVED THAT:**

**the report be received and noted.**

The meeting ended at 3.05 pm

**CHAIRMAN**