

Central
Bedfordshire
Council
Priory House
Monks Walk
Chicksands,
Shefford SG17 5TQ



**TO EACH MEMBER OF THE
AUDIT COMMITTEE**

24 June 2010

Dear Councillor

AUDIT COMMITTEE - Monday 28 June 2010

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the minutes of the meeting held on 18 June which were marked "to follow" on the agenda.

3. Minutes and Matters Arising

To approve as a correct record the minutes of the last meeting held on 18 June 2010.

Should you have any queries regarding the above please contact Democratic Services on
Tel: 0300 300 4032

Yours sincerely

Martha Clampitt,
Democratic Services Officer
email: martha.clampitt@centralbedfordshire.gov.uk

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CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in Room 14, Priory House, Monks Walk, Shefford on Friday, 18 June 2010

PRESENT

Cllr D Bowater (Chairman)
Cllr R A Baker (Vice-Chairman)

Cllrs Mrs A Barker
P Snelling

Cllrs B J Spurr

Apologies for Absence: Cllrs T Green
A Shadbolt

Substitutes: Cllr A Turner (for Cllr A Shadbolt)

Members in Attendance: Cllr M R Jones, Portfolio Holder Finance, Governance and People.

Officers in Attendance: Mr R Ellis Director of Customer and Shared Services
Mrs E Heaney Temporary Democratic Services Officer
Mrs K John Head of Democratic Services
Mr N Murley Assistant Director Audit & Risk

Others In Attendance: Mrs C O'Carroll Audit Commission

A/10/1 **Chairman's Announcements**

The Committee noted the following upcoming events:

- Statement of Accounts training session, 25 June 2010;
- Audit Committee meeting, 28 June 2010.

The Committee thanked the Democratic Services Officer for scheduling these meetings.

A/10/2 **Minutes**

RESOLVED:

that the minutes of the meeting held on 12 April 2010 be approved and signed as a correct record.

Members discussed the actions that had taken place since the last meeting and noted the following;

- a) The report concerning the ICT failure review would be considered by the Customer and Shared Services Overview and Scrutiny Committee on Monday 21 June 2010 (minute A/09/73 refers);
- b) The Assistant Director, Audit and Risk Management had previously circulated information on the asbestos register to members of the Committee (minute A/09/74 refers);
- c) Cathy O'Carroll (Audit Commission) had provided comparative data on the fee's paid to the Audit Commission by other unitary authorities, this was circulated during the meeting (minute A/09/75 refers);
- d) Officers had met with Paul King and agreed that in light of capacity, it would be preferable for the Audit Commission to carry out the extra testing of controls required (minute A/09/75 refers);
- e) Officers from Human Resources and SERCO would be present at the next meeting of the Audit Committee (28 June 2010) to discuss controls exercised in payroll (minute A/09/80 refers);
- f) The final statement of accounts was on target to be completed by the statutory deadline of 30 June 2010 (minute A/09/81 refers).

A/10/3 **Matters Arising**

This business had been conducted under item 2, Minutes of the Previous Meeting (above).

A/10/4 **Members' Interests**

(a) **Personal Interests:-**

None.

(b) **Personal and Prejudicial Interests:-**

None.

A/10/5 **Public Participation**

No applications had been received under Procedure Rule No. CM9 to speak during the fifteen minute question and statement period at the beginning of the meeting. Furthermore, there had been no applications to speak under the

Public Participation Scheme on any items included on the agenda for this meeting.

A/10/6 **Petitions**

The Chairman reported that no petitions had been received.

A/10/7 **Disclosure of Exempt Information**

The Committee noted that agenda item 10, Internal Audit and Risk Management, contained information that was not for publication by virtue of Paragraphs 3 and 7 of Part 1 of Schedule 12A of the Local Government Act 1972. The Committee agreed that this item could not be considered in the public part of the meeting and that the press and public would need to be excluded from the meeting during its consideration. The press and public could be re-admitted following consideration of item 10.

A/10/8 **Review of Internal Audit**

Members discussed the Review of Internal Audit. The Accounts and Audit Regulations 2003 (as amended), required local authorities to maintain an internal audit function and to conduct an annual review of its effectiveness. As the Audit Commission used the work of Internal Audit they were required to carry out an assessment of the internal audit function and evaluate the adequacy of specific pieces of internal audit work before they could place reliance on it.

The Review of Internal Audit (Appendix A to the report) stated that Central Bedfordshire Council's internal audit function was compliant with the requirements of the CIPFA Code of Practice for Internal Audit in Local Government and concluded that that the Audit Commission could rely on the work of Internal Audit.

An action plan (Appendix 1 of the Review of Internal Audit) had been agreed with the Council to address issues that had arisen from the review.

Members noted that the Summary Report mentioned that in some cases the Audit Commission had asked Internal Audit to carry out additional work to allow them to rely on their work, a Member asked whether this had any cost implications and was advised that as the additional work was conducted by Internal Audit, rather than the Audit Commission, there were no cost implications.

RESOLVED:

That the Review of Internal Audit as set out in the Appendix to the submitted report, be noted.

A/10/9 Exclusion of Press and Public**RESOLVED**

that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that consideration of the item is likely to involve the disclosure of exempt information as defined in paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act.

A/10/10 Internal Audit and Risk Management Annual Audit Opinion Report

Members discussed the Assistant Director of Audit and Risk's annual report on the adequacy and effectiveness of Central Bedfordshire Council's financial and other management internal controls.

It was noted that the internal control environment of Central Bedfordshire Council was adequate overall during 2009/10 but that concerns had been identified and were reflected in the Annual Governance Statement. A significant amount of work had been carried out in Central Bedfordshire Council's first year of operation to address these issues and as such the building blocks and foundations were firmly in place.

A review of the key financial systems and a number of other audit reviews had been undertaken during the year. Following each finalised audit, an action plan had been agreed with the management and progress against the implementation of high risk recommendations would be monitored and reported to the Audit Committee at their meeting on 27 September 2010.

The Committee discussed the Key Performance Indicators for Internal Audit and noted that officers were disappointed not to have met their target for KPI02 (percentage of the number of planned reviews completed to final report stage). This was partly due to the fact that the target had been set incorrectly as a large number of the audits, which have to test data up until 31 March 2010 had been included in the 2009/10 target. These reviews were concluding now and therefore should and have been included in the performance statistics for 2010-11.

A Member asked how the outturn on shared services had been reflected in the accounts and was advised that actual figures rather than budgeted figures were used. Finance managers were working with equivalent colleagues from Bedford to challenge figures if they were in doubt.

A member also questioned whether "adequate" was a satisfactory result, or the Council should aim to achieve a better rating in future years. The Committee accepted that adequate was a good outcome for the Council given this was its first year, yet recognised this needed to improve over the short term.

Members asked officers to advise any Central Bedfordshire Councillors if a school that they were a governor of had not yet completed the FMSiS assessment.

RESOLVED:

To note the Internal Audit and Risk Management Annual Audit Opinion, as set out in the exempt report submitted.

A/10/11 **Re-admittance of the Press and Public**

RESOLVED:

to re-admit members of the press and public for the remainder of the meeting.

A/10/12 **Annual Governance Statement**

The Committee considered a report concerning the Annual Governance Statement. It was noted that the Council was required to publish this statement as part of the 2006 Audit Regulations and that it had to set out how the review of governance had been undertaken and give details of any significant governance issues that came to light.

The Committee noted the process for preparing the Annual Governance Statement and that this had come to them for their comments before being presented to the Chief Executive and Leader of the Council for adoption.

Members noted that the Annual Governance Statement had raised the following issues as concerns:

- Adult Social Care performance
- School Improvement
- Safeguarding Children
- Corporate Parenting
- ICT Resilience
- Medium Term Financial Strategy
- Results of Internal Managed Audits
- Capacity and Capability to Deliver under Financial Pressure.

Actions were being taken to strengthen these areas.

Members discussed the shared services established with Bedford Borough Council and recommended that officers change the wording on page 14 of the Annual Governance Statement to reflect that not all of the shared services had been set up in response to the lack of time to disaggregate services, some of the shared services had been established as they were the most effective and efficient way to deliver the service.

RESOLVED:

- 1. To note how the 2009/10 Annual Governance Statement has been prepared.**

- 2. To recommend the Annual Governance Statement for adoption by the Chief Executive and Leader of the Council, subject to the amendment on page 14 to reflect that some shared services have been established as they provide the most effective and efficient way to deliver the service.**

(Note: The meeting commenced at 2.00 p.m. and concluded at 2.55 p.m.)

Chairman

Dated