

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held at Room 14, Priory House, Monks Walk, Shefford on Monday, 6 April 2009

PRESENT

Cllr D J Lawrence (Chairman)

Cllr J Machin (Vice-Chairman)

Cllrs A R Baines
R A Baker
Mrs A Barker

Cllrs Mrs A Guess
Mrs K D Keen

Members in Attendance: Cllr M R Jones

Officers in Attendance:

Mr J Atkinson	– Head of Legal Services
Mr C Heaphy	– Director of Corporate Resources, CBC
Ms D Lester	– Committee Administrator
Mr N Murley	– Assistant Director Audit, Risk & Health & Safety, CBC
Ms K Riches	– Head of Audit
Ms E Taylor	– Head of Strategic Risk

A/08/1 **Minutes**

RESOLVED:

The Minutes of the Audit Committees of the predecessor authorities' were received and signed off by the Chairman as follows:

- **Bedfordshire County Council – 16 March 2009**
- **South Bedfordshire District Council – 19 March 2009**
- **Mid Bedfordshire District Council – 23 March 2009.**

A/08/2 **Chairman's Announcements**

None.

A/08/3 **Members' Interests**

(a) **Personal Interests:-**

None.

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

None.

A/08/4 **Public Participation**

No applications had been received under Appendix A to the public participation scheme 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/08/5 **Disclosure of Exempt Information**

There were no disclosures of exempt information.

A/08/6 **Audit Committee Terms of Reference**

The Chairman introduced his report detailing the Committee's terms of reference as set out in the Council's Constitution and approved by Shadow Council on 26 February 2009.

The Committee noted that its purpose was to:

- (i) provide independent assurance on the adequacy of the Council's risk management framework and the associated control environment;
- (ii) provide independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment;
- (iii) oversee the Authority's financial reporting process.

In response to comments from Members the Head of Legal Services clarified that the Committee's role differed from that of the scrutiny function. The Audit Committee's role was to scrutinise the Authority's internal control arrangements making sure that the appropriate systems, checks and balances are in place as opposed to reviewing the Executive's decisions to deliver policy goals. The Committee could, however, commission external or internal audit to review the risk management or control arrangements around any decisions made by the Executive. It was noted that the Committee had the right to invite officers to attend meetings and request the attendance of an Executive member should the need arise.

RESOLVED:

That the Audit Committee's terms of reference attached at Appendix A to the submitted report be noted.

A/08/7

Risk Management Strategy and Working Practices

The Committee considered a report by the Director of Corporate Resources proposing a Corporate Risk Management Strategy and working practices to deliver the Strategy.

Members noted that the Strategy sets out the overarching principles of how the Authority would manage its risks. The working practices set out how risk would be identified and reported upon. Implementation of the risk management framework would ensure the Council was able to effectively manage potential risks and thereby increase protection from adverse events.

The Assistant Director of Audit & Risk gave a detailed presentation on the implementation of the Corporate Risk Management Strategy during which he responded to general comments and questions raised by Members.

The Committee noted that the risk management framework would be actively embedded throughout the organisation to facilitate a risk based approach for all Council activities. Its effectiveness would be measured over the coming months and developed further where necessary.

Members commented on the need to understand the risks facing Central Bedfordshire as a new organisation moving forwards. The Director of Corporate Resources explained that by being risk aware the new Council was in a good position to avoid threats and take advantage of opportunities. However, the new Council was in very early days of operating and as a new organisation assurance could not be given on the emergence of additional risks. The Committee was assured that should a major strategic risk materialise in the early days of operating Members would be informed.

RESOLVED:

- 1. That the Corporate Risk Management Strategy attached at Appendix A to the submitted report be endorsed.**
- 2. That the Corporate Risk Management Working Practices attached as Appendix B to the submitted report be approved.**

A/08/8

Internal Audit Charter

The Committee considered a report from the Director of Corporate Resources setting out how the Internal Audit function would work within Central Bedfordshire.

Members were advised that Internal Audit's role was to determine how effective the Council's controls systems are and to measure the degree of reliance that could be placed upon these controls. The Internal Audit Charter had been drafted to set out how Internal Audit will interact with the Council and with its partners when carrying out its work. It was important that the Authority understands how it will work with the Internal Audit function so that it can have an effective Risk Management and Control environment.

Following general discussion it was **RESOLVED:**

That, subject to minor amendments, the Internal Audit Charter attached at Appendix A to the submitted report be approved.

A/08/9

Review of Legacy Authority Governance and Inspection Statements

The Committee considered a report from the Director of Corporate Resources setting out the inherent risks of the three legacy authorities, as identified by the authorities and the Audit Commission, which come together to form Central Bedfordshire.

The Committee was advised that the Annual Governance Statements (AGS) from each authority, which were attached to the report, only represented the issues identified by the predecessor authorities. Central Bedfordshire would need to take a view as to their completeness before being able to approve the Annual Statement of Accounts for each authority at the end of July. In view of this it was proposed that an additional meeting of the Committee be convened to reflect on the AGS's at the end of June 2009.

Members were informed that further work and a detailed audit needs assessment would be undertaken during the next three months. This would reflect on the issues identified in the submitted report as well as further evidence that may come to light during this period, especially from a detailed review of risk registers and previous audit reports.

During the ensuing discussion the Director of Corporate Resources responded to a number of questions and comments on the taking forward of issues raised by the predecessor authorities.

RESOLVED:

- 1. That the report setting out the inherent risks identified by the three legacy authorities be noted.**
- 2. That an additional meeting of the Committee be held at 9.30am on Monday 29 June 2009 to approve any final amendments to the Annual Governance Statements for the three legacy authorities before signing off the Annual Statement of Accounts of these authorities at the end of July 2009.**

A/08/10

2009-10 Audit Plan - Approach for First Six Months

The Committee considered a report from the Director of Corporate Resources outlining an approach for creating an audit plan for Central Bedfordshire with specific reference to the audit work to be undertaken during the first six months of the 2009/10 Audit Plan.

Members were advised that a contingent audit plan had been established identifying the key areas that will need close attention during the first six months and the submitted report set out the areas of audit focus that had been

identified. The Committee's attention was drawn to a correction to the table setting out the area of audit and number of audit days allocated. It was noted

that total number of days allocated was 600 and not 750 and that unproductive days of 150 should be replaced with consultancy of 60 days.

RESOLVED:

That the approach to be adopted for the creation of an audit plan and the workload priorities identified for the first six months of 2009/10 be approved.

(Note: The meeting commenced at 9.30 a.m. and concluded at 11.52 a.m.)