
Meeting: Council
Date: 7 January 2010
Subject: Audit Committee Activity April 2009 – December 2009
Report of: Chairman of the Audit Committee
Summary: The report proposes to set out the work undertaken by the Audit Committee for the period April 2009 – December 2009.

Contact Officer: Councillor David Lawrence
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

An effective Audit Committee is an integral part of the internal control and governance arrangements of the council. As such it will be supporting all of the council's priorities.

Financial:

None.

Legal:

None.

Risk Management:

The work undertaken to date by the Audit Committee has raised awareness of the legacy position. This has helped form an important baseline for the committee and Central Bedfordshire moving forward.

Staffing (including Trades Unions):

None.

Equalities/Human Rights:

None.

Community Safety:

None.

Sustainability:

None.

RECOMMENDATION:

that Council note the work activity of the Audit Committee.

Background

1. Paragraph 6.2.2 of the Audit Committee's Terms of Reference require a report to be made by the Chairman of the Audit Committee to Council on the Committee's activities twice each year.

The Audit Committee has met five times since the start of the financial year. An additional two meetings were required as a result of the additional work and time needed for the committee to close the legacy authorities.

2. A review of the terms of reference was carried out with particular interest around the restriction of members of the Corporate Resources Overview & Scrutiny Committee not being members of the Audit Committee. As a result Councillor Brian Spurr has replaced Councillor David Bowater.

Legacy Authority Reports

3. In an unusual year the committee has undertaken the role of three audit committees of the former legacy authorities by approving the 2008/09 Annual Governance Statements and the 2008/09 Annual Statement of Accounts for Bedfordshire County Council, Mid Bedfordshire District Council, South Bedfordshire District Council and the Pension Fund.
4. All of this activity included the need to review the approved Annual Governance Statements prepared by the legacy authorities and each of the legacy Annual Audit Letters as presented by the Audit Commission. All of this information was discussed and registered as important background information for Central Bedfordshire.
5. The committee also received the unqualified external audit opinion of each of the three sets of accounts as presented by the Audit Commission in the form of an Annual Governance Report. A summary of the findings was included in the Central Bedfordshire Annual Audit Letter, which will be considered by the Audit Committee on 27 January 2010.
6. Member Allowances paid to councillors representing the legacy authority and shadow authority were also noted.
7. The committee also received the Annual Audit Letter for the demised Citizen Service Partnership (CSP) and made a number of recommendations around the operational procurement procedures for ICT.

Central Bedfordshire activity

8. In helping to determine the work of the Internal Audit function, the committee received information arising from the legacy authority Internal Audit reviews. Together with this it also approved the process to undertake a full audit needs assessment of Central Bedfordshire. The results of which, a three year audit plan, will be presented to the committee at its next meeting on the 27 January 2010.
9. Recognising the importance of the above piece of work and by receiving enough information for the work undertaken by September 2009, the committee were able to approve an indicative 2009/10 Internal Audit Plan.
10. In our attempts at combating fraud and corruption, the Committee also approved an Anti-Fraud and Corruption Strategy and also reviewed the Confidential Reporting Policy. Both of these items were considered by the Standards Committee prior to the Audit Committee. The Standards Committee made valuable recommendations which were considered and approved by the Audit Committee.
11. As a result and to strengthen the Constitution, the Audit Committee were successful at recommending to the Constitutional Advisory Committee that both of these documents should be included in the Ethical Framework section.
12. The Committee have also endorsed the Corporate Risk Management Strategy approved by the Shadow Executive and have approved the operational working practices supporting that strategy.
13. Progress reports on the introduction to International Financial Reporting Standards are also being monitored by the committee.

Partnership activity

14. The development of fully accountable partnerships, with both public and private partners, continues to develop but not yet at a sufficient level that full audit and reconciliation reports came forward to the committee.
15. This part of the committees function was highlighted in the Constitution but has to await the completion of transition, the Service Level Agreements and contract negotiations with private suppliers.
16. Once fully established there will be regular reports of partnerships reviewed by the Audit Committee to ensure that the governance and risk management is in place where the Council accepts liability without being in direct control.

Conclusion

17. In closing the legacy authorities, there has been recognition of the differences in policies, processes and style to alert the Central Bedfordshire committee to the need for harmonisation. Until this harmonisation takes place there will be less efficient management which will have many corporate implications.

18. The work involved in transition turned out to be greater where the opportunity was also taken to improve data quality (essential for transformation). Whilst the affairs of Central Bedfordshire have been lower in priority this year, the necessary attention of the work undertaken to date should set a correct and firm foundation for Central Bedfordshire moving forward.

Background Papers:

Agenda and minutes of the Audit Committee meeting of 6 April 2009.

Agenda and minutes of the Audit Committee meeting of 29 June 2009.

Agenda and minutes of the Audit Committee meeting of 27 July 2009.

Agenda and minutes of the Audit Committee meeting of 21 September 2009.

Agenda and minutes of the Audit Committee meeting of 30 November 2009.

Location of papers: Priory House, Chicksands