

## MID BEDFORDSHIRE DISTRICT COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in Room 15, Priory House, Shefford SG17 5TQ on Monday, 23 March 2009.

### PRESENT

Cllr D J Lawrence (Chairman)  
Cllr L Birt (Vice-Chairman)

Cllrs M R Jones  
Mrs K D Keen

Cllr M A Smith

Apologies for Absence: Cllrs A R Baines  
Mrs A Barker

Substitutes: Cllr A D Brown (In place of Cllr Mrs A Barker)

Officers in Attendance: Mr T Bowser – Audit Manager  
Mr B Mew – Interim Financial Services Manager  
Mr J Phillipson – Senior Committee Administrator  
Mr M Woolsey – Solicitor

Others in Attendance Mr N Smith Audit Commission

#### A/08/31 **MINUTES**

##### **RESOLVED**

*that the Minutes of the meeting of the Audit Committee held on 9 December 2008 be confirmed and signed by the Chairman as a correct record.*

#### A/08/32 **MEMBERS' INTERESTS**

(a) **Personal Interests:-**

None.

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

None.

A/08/33 **PUBLIC PARTICIPATION**

No applications had been received under Procedure Rule No. CM9 to speak during the 15 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/08/34 **ANNUAL AUDIT AND INSPECTION LETTER 2007/08**

The Committee received and considered a presentation by Nigel Smith of the Audit Commission on the Annual Audit and Inspection letter (AAL) for 2007/08. In so doing the Committee noted the External Audit Progress report and 2008 "use of resources" assessment, both of which were pertinent to the AAL and the subject of a report of the Chief Finance Officer.

In presenting the AAL, Nigel Smith referred to the fact that this was the last Annual Audit and Inspection letter to be presented by the Audit Commission to Mid Bedfordshire District Council in advance of the Councils demise as a result of local government reorganisation on 1 April 2009. He thanked Members and officers for their assistance in the production of the letter and reflected on the positive and professional approach of those who had provided assistance in the completion of the audit for the year 2007/08. He acknowledged however that some of the information inevitably was out of date insofar as it referred to a previous years audit. Particular areas which were discussed were as follows:-

1. The Audit Commission in its "use of resources" review had reflected upon the Councils relatively poor performance against a number of key performance indicators in relation to some key services such as housing benefits, which had reduced the score for "delivering good value for money" from 3 to 2. This had also reduced the Councils overall score for use of resources from 3 to 2. It was observed however that performance at level 2 meant that the Council performed adequately in terms of meeting the Audit Commissions minimum standards for delivering value for money and achieving effective use of resources. Despite this review the Council had retained its categorisation as "good" under the comprehensive performance assessment process.
2. Owing to the work being carried out on local government re-organisation the Audit Commission had not produced a direction of travel statement for the year in question.
3. There was a recognition in the letter to the commitment of Member and officer time in the preparations for the establishment of the new Central Bedfordshire Unitary Council. The Audit Commission had however highlighted concerns with regard to performance relative to the priority objective "ensure that the development of the District is in accordance with the Local Plan" and concerns were expressed in the letter with regard to performance in relation to the payment of housing benefits claims.

4. Whilst the Councils score for achieving value for money in its annual use of resources assessment had deteriorated from the previous year, council tax remained at a low level comparatively as had historically been the case.

Members were given the opportunity of asking questions in order to clarify issues raised in the Audit Commissions letter. Nigel Smith indicated his willingness to amend the letter in its final version in respect of concerns expressed in relation to the issue of housing benefit claims. Members reflected on adverse comments contained in the letter and expressed the view to the Audit Commission that due allowance should be given to the Council for the additional work on LGR which had been undertaken during the period of this audit. As a result of these concerns the Audit Commission acknowledged that the timetable for the completion of work on the LGR had been tight and in that context it reflected very positively on the ability of the Council to improve services and therefore would wish to recognise that fact.

#### **RESOLVED**

***that the external Auditors Annual Audit and Inspection Letter for 2007/08 be noted but that reflecting upon the reduced resources score, the Council reflect upon the extent to which the Council has necessarily committed resources to LGR and recognises that in overall terms it has achieved improvement performance in the delivery of services.***

A/08/35

#### **CORPORATE RISK REGISTER**

The Committee received and considered the report of the Chief Finance Officer advising that as part of the Council's risk management arrangements it had been agreed that a Corporate Risk Register would be maintained and updated on a quarterly basis. This updated register was presented to the Management Team, who determined whether the "residual" scores were appropriate. Many actions required were agreed and annotated on the register. The updated risk register was published on the Councils website.

Following a decision to report corporate risks with a high residual risk as identified by the Management Team, the Audit Manager was pleased to report that, following the latest review of the Corporate Risk Register (end of December 2008) no risks had been identified that needed highlighting to Members for consideration. Furthermore the report advised of a streamlined approach to the reporting process which had been adopted for the new unitary Council and that officers were of the opinion that little or no benefit would be gained from carrying out the next planned review of the Corporate Risk Register 2008/09, given the impending demise of Mid Bedfordshire District Council. Members were however advised to use the information contained within the Corporate Risk Register report presented throughout the 2008/09 year to help confirm the statements made in the Annual Governance Statement were accurate.

Having regard to the exceptions reporting required in respect of the Corporate Risk Register, the Finance Portfolio Holder questioned the presentation of the report on the current position of Treasury Management and investments position as it appeared in the Agenda for this meeting. He considered the presentation of such a report to convey the impression of corporate risk which in his opinion did not then exist.

**RESOLVED**

***that the Committee notes that the Corporate Risk Register has been reviewed by the Councils Management Team with appropriate arrangements being in place to award "residual" scores.***

A/08/36

**CORPORATE GOVERNANCE ARRANGEMENTS**

The Committee received and considered the report of the Chief Finance Officer advising of an assessment which had been conducted by senior officers of the Councils Governance Arrangements against a CIPFA/SOLACE checklist. The assessment had been reported to and signed off by the Chief Executive who was satisfied that its contents were accurate and the appropriate Governance arrangements were in place. The Committee noted that in accordance with the wishes of the Audit Committee only those Corporate Governance Arrangements that were not being suitably addressed needed to be included in this report for consideration. The Audit Manager was pleased to report that, following the latest and final review of the Corporate Governance Arrangements, none were identified that needed highlighting to Members for consideration.

In relation to ongoing action, the Committee was advised that no further reviews of the Corporate Governance Arrangements for Mid Beds would occur. This was because officers were of the opinion that little or no benefit would be gained from carrying out such an exercise given the impending demise of Mid Bedfordshire District Council at the end of March 2009.

**RESOLVED**

***that the Committee notes conduct of the review of Corporate Governance Arrangements as advised in the report of the Chief Finance Officer and that appropriate Corporate Governance Arrangements for the Council are in place.***

A/08/37

## **ANNUAL GOVERNANCE STATEMENT 2008/09**

The Committee received and considered the report of the Chief Finance Officer inviting the Committee to consider whether the information contained within the Annual Governance Statement 2008/09 both actually and accurately reflected the control environment. The Committee was accordingly requested to formally review the content of the “draft” Annual Governance Statement 2008/09 as set out in Appendix “A” to the report. The Committee was reminded of its obligation to satisfy its self that sufficient, relevant and reliable evidence to support the disclosures made in the statement had been obtained. Also the Committee was encouraged to challenge the contents of the draft document where throughout the statements made contradict the respective knowledge and understanding of the control environment. Having complied with these requirements, the Committee was invited to agree the “draft” statement and recommend their inclusion with the financial....????

Upon agreement with the content of the Annual Governance Statement the Committee was invited to recommend that the statement be included in the financial accounts of the authority.

Having considered the key elements of the systems and processes that comprise the authority’s governance arrangements, Members made observations as follows:-

- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training – this was regarded as an important element to be conveyed to the Central Bedfordshire Authority for implementation.
- Incorporating good governance arrangements in respect of partnerships and other groups working as identified by the Audit Commissions report on the Governance of Partnerships, and reflecting these in the authority’s overall governance arrangements – this was considered as an important issue given the previous experience of partnerships such as Bedfordshire/Luton on line.

In relation to the significant role which would be performed by the Audit Committee in the functioning of the new authority, an observation was made that at the earliest possible opportunity all Members of the Committee should receive training before they undertake their responsibilities as Members of the newly constituted Audit Committee.

### **RESOLVED**

- 1. that the Committee agrees that the contents of the Annual Governance Statement fairly represents the control environment operating at Mid Bedfordshire District Council for 2008/09;**
- 2. that, subject to comments set out in the preamble to this minute, the Audit Committee accepts the Annual Governance Statement for 2008/09 for inclusion with the financial statements of the Authority.**

A/08/38

## **EFFECTIVENESS OF THE AUDIT COMMITTEE**

The Committee received and considered the report of the Chief Finance Officer inviting the Audit Committee to review and comment upon its effectiveness. The report reflected upon the importance of an effective Audit Committee but admitted that it was not easy to determine whether an Audit Committee was effective or not. Members noted the Audit Managers opinion that there were no significant issues highlighted in the assessment checklist and no action plan proposed due to the imminent transition to a unitary authority. However, it was recognised that the checklist would form a useful tool to progress the work of the new Audit Committee post re-organisation.

### **RESOLVED**

***that the Committee acknowledge that it has been more effective during 2008/09 than previously and that Appendix 8 of the report of the Chief Finance Officer provides the evidence of the Committees effectiveness.***

A/08/39

## **INTERNAL AUDIT REPORT 2008/09**

The Committee received and considered the report of the Audit Manager providing information to support the Annual Governance Statement. In accordance with the accounts and audit regulations, the Audit Manager was required to provide the authority with an annual report which would be included in the Statement of Accounts of the authority. The Audit Manager duly presented his annual report set out in Appendix "A" to his report which contained a summary of the internal audit work undertaken, drawing attention to any issues the Audit Manager judged particularly to the relevant to the Annual Governance Statement. It was noted by the Committee that the Audit Manager was satisfied that all audit work had been performed with proficiency and due professional care. No formal effectiveness review of the Council's processes against the CIPFA code of practice for internal audit in local government had been carried out. However, the Audit Manager was broadly satisfied that internal audit still complied with the latest CIPFA code of practice. Accordingly it was recognised that there were no residual actions arising from the Internal Audit for 2008/09.

In the light of the contents of the report as now submitted, the Committee was invited to note the contents of the Auditors report when considering the content of the Annual Governance Statement.

### **RESOLVED**

***that the Audit Committee receives the Internal Audit report for 2008/09, notes its contents and recommends the issue of a press release observing that there were no residual actions arising from the Internal Audit report for 2008/09 which required action by the Council.***

A/08/40

## **TREASURY MANAGEMENT - CURRENT POSITION**

The Committee received and considered the report of the Chief Finance Officer providing the Committee with an update on the Councils current Treasury Management and Investments position.

The Finance Portfolio Holder expressed a concern with regard to the justification for the presentation of the report given that there were no recognised risks associated with Treasury Management and Investment Policy and that the Council had only recently re-reviewed its policy. The Interim Financial Officer advised that the report had been presented primarily for information purposes in the light of concerns previously expressed by the Committee. The Committee was also informed that the statement of the Councils Treasury Management Investment Policy would also appear in the Statement of Accounts for the authority.

### ***RESOLVED***

***that the report of the Chief Finance Officer on the current Treasury Management Investments Position be noted.***

A/08/41

## **CONCLUDING COMMENTS**

The Chairman concluded the final Audit Committee meeting of Mid Bedfordshire District Council by thanking all those who had served the Audit Committee and particularly mentioned those officers present who are about to leave the services of the Council.

(Note: The meeting commenced at 6.30 p.m. and concluded at 7.41 p.m.)