

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE TOWN HALL, BOOTLE
ON 29 SEPTEMBER 2010**

PRESENT: Councillor Brady (in the Chair)

Councillors Brennan, Lord Fearn, Maher, McIvor,
Parry, Shaw and Tonkiss

ALSO PRESENT: Mr. D. Newman and Mr. S. Baron from
PricewaterhouseCoopers

10. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Friel and Robertson and Brodie-Brown and McGinnity (Substitute Members).

11. DECLARATIONS OF INTEREST

The following declaration of interest was made.

Member	Minute No.	Reason	Action
Councillor Brennan	20 – Corporate Risk Register	Personal – His employer is referred to in the report	Took part in the consideration of the item and voted thereon

12. MINUTES

RESOLVED:

That the Minutes of the meeting of this Committee held on 30 June 2010 be confirmed as a correct record.

**13. STATEMENT OF ACCOUNTS 2009/10 -
ADJUSTMENTS/EXTERNAL AUDITOR'S COMMENTS**

Further to Minute No. 6 of the meeting held on 30 June 2010, the Committee considered a report by the Interim Head of Corporate Finance and ICT Strategy which identified proposed amendments to the 2009/10 Statement of Accounts for consideration and approval following the completion of the audit by the External Auditors, PricewaterhouseCoopers (PwC). The report included the "Letter of Representation" from the Council to the External Auditors for approval and the amended Annual Governance Statement.

The Council, or nominated Committee charged with the responsibility for governance must approve amendments to the Statement of Accounts

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following the completion of the annual audit. The Audit and Governance Committee had been delegated with this responsibility and consequently must approve the adjustments to the accounts for 2009/10 by 30 September 2010.

The Council was also required to provide a Letter of Representation to the External Auditor at the conclusion of the audit. This letter acknowledged the Council's responsibilities in preparing the Accounts and provided the assurance to the External Auditor that no new information or decisions had been taken that would materially affect the Statement of Accounts for the year. The letter had to be signed by the Chair and Chief Executive once approved.

The report also included the External Auditor's Annual Governance Report which covered the audit of the Statement of Accounts and the Use of Resources Value for Money work. Mr. D. Newman from PwC was present and provided Members with a brief summary of the issues contained in the report and answered their questions as appropriate. He referred in particular to the assurance sought from management with regard to the recovery by the Council of income in respect of the VAT Shelter Agreement with One Vision Housing.

A discussion took place with regard to the monies that remain outstanding from One Vision Housing (OVH) totalling £7.9m. Mr. D. Newman indicated that whilst OVH had confirmed the agreement of the liability with PwC, the receipt of cash or the amount being received within a solicitors holding account is required to provide appropriate evidence of the recoverability of the monies. Either piece of evidence would allow PwC to provide an unqualified opinion on the financial statements and PwC would continue to work with management to resolve the matter. It was noted that the need to await this further evidence means that the Council would miss the deadline of 30 September 2010 for completing the audit of the financial statements.

Mr. D. Newman also indicated that PwC had been made aware of a potential objection to the financial statements from a member of the public. PwC had carried out investigatory work along with management to provide the evidence requested with regards to the potential objection and a deadline for receipt of this objection had been agreed which would delay the completion of the audit. PwC have concluded that the nature of the objection expected would not indicate a material error in the financial statements, so this matter would not delay the issue of the audit opinion.

RESOLVED: That

- (1) the amendments to the Statement of Accounts for 2009/2010, be approved;
- (2) the amendments to the Annual Governance Statement for 2009/10 be approved;
- (3) the comments of PricewaterhouseCoopers LLP, be noted; and

- (4) the Letter of Representation be approved and the Chair and Chief Executive be authorised to sign it on the Council's behalf.

14. ANNUAL TREASURY MANAGEMENT REPORT 2009/10

Further to Minute No. 56 of the meeting of the Cabinet held on 8 July 2010, the Committee considered the report of the Interim Head of Corporate Finance and ICT Strategy which provided details of the Treasury Management activities undertaken in 2009/10 covering the following issues:

- borrowing strategy and practice
- the Council's current Debt Portfolio
- compliance with Treasury Limits
- compliance with Prudential Indicators
- investment strategy and practice

RESOLVED:

That the Annual Treasury Management Report for 2009./10 be noted.

15. TREASURY MANAGEMENT 2010/11 - FIRST QUARTER UPDATE

The Committee considered the report of the Interim Head of Corporate Finance and ICT Strategy which provided details of the Treasury Management activities undertaken in the current financial year up until 30 June 2010, in accordance with the Council's Treasury Management Policy and Strategy 2010/11.

RESOLVED:

That the report be noted.

16. INTERNAL AUDIT PLAN 2010/11 - OCTOBER 2010 TO MARCH 2011

The Committee considered the report of the Interim Head of Corporate Finance and ICT Strategy on the Internal Audit Annual Plan for the second six months of 2010/11 which had been drawn up in accordance with the CIPFA Code of Practice for Internal Audit. The auditable areas in the Annual Plan had been identified for Departments/Services and an Audit Risk Assessment had been applied which assists in prioritising audit work relative to risk.

The report also provided details of the School's Internal Audit Plan for 2010/11 to 2012/13 for the Audit and Financial Management Standard in Schools Assessment.

RESOLVED: That

- (1) the Internal Audit Plan for the second six months of 2010/11 be approved; and
- (2) the Schools Internal Audit Plan for 2010/11 to 2012/13 be approved.

17. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That, under Section 100A(4) 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 it would involve the likely disclosure of exempt information as defined in Paragraphs 3 and 7 of Part 1 of Schedule 12A to the Act. The Public Interest Test has been applied and favoured exclusion of the information from the press and public.

18. INTERNAL AUDIT PLAN 2010/11 PERFORMANCE REPORT - APRIL 2010 TO AUGUST 2010

The Committee considered the report of the Interim Head of Corporate Finance and ICT Strategy which provided a summary of internal audit work undertaken during the period April to August 2010. The Committee was required to be appraised of the Internal Audit and Benefit Fraud Investigation Team work as part of its review of the internal control environment and formulation and overall governance arrangements.

RESOLVED:

That the report be noted.

19. INTERNAL AUDIT FRAUD REPORT

The Committee considered the report of the Interim Head of Corporate Finance and ICT Strategy which provided a summary of the proactive and reactive anti-fraud and investigation work undertaken during the period April to August 2010 by the Internal Audit Team.

RESOLVED:

That the report be noted.

20. CORPORATE RISK REGISTER - UPDATE

The Committee considered the report of the Interim Head of Corporate Finance and ICT Strategy which provided an update on the Corporate Risk Register.

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RESOLVED: That

- (1) the updated Corporate Risk Register be approved;
- (2) the Operational Services Director be requested to review the risk assessment score in respect of the risk of an overspend on the provision of the Specialist Transport Service; and
- (3) the Chief Internal Auditor be requested to review the format of future reports on the Corporate Risk Register, including reference to any changes made to risk assessment scores.