

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE TOWN HALL, BOOTLE
ON 29 JUNE 2011**

PRESENT: Councillor Hands (in the Chair)

Councillors Brady, Brennan, Lord Fearn, McIvor,
Parry and Moncur (In place of Maher)

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

1. THANKS TO PREVIOUS CHAIR

The Chair expressed thanks to the former Committee Chair, Councillor Brady for the able manner in which he had undertaken the duties of the Chair of the Committee over a number of years.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Friel, Maher, Robertson and Tonkiss.

3. DECLARATIONS OF INTEREST

No declarations of interest were made.

4. MINUTES

RESOLVED:

That the Minutes of the meeting of this Committee held on 30 March 2011 be confirmed as a correct record.

5. ACCOUNTS AND AUDIT REGULATIONS 2011 - STATEMENT OF ACCOUNTS

The Committee considered the report of the Head of Corporate Finance and ICT on the revised requirements for the signing and approval of the Statement of Accounts under the Accounts and Audit Regulations 2011.

The report indicated that under the new regulations, the requirement for the Audit and Governance Committee to consider and approve the Annual Statement of Accounts no later than 30 June, so that it can be passed for audit, had been removed. The signing of the Accounts by the Head of Corporate Finance and ICT is now sufficient for the external auditors to start their work.

Once the audit has been completed, the Head of Corporate Finance and ICT must re-certify the Statement of Accounts and the requirement for the Committee to approve the Statement of Accounts no later than 30 September still remains in place. Following approval, the Statement must be signed and dated by the Committee Chair of the meeting at which that approval was given.

RESOLVED:

That the report be noted.

6. TREASURY MANAGEMENT 2010/11 - FOURTH QUARTER UPDATE

The Committee considered the report of the Head of Corporate Finance and ICT which provided details of the Treasury Management activities undertaken in the Fourth Quarter of the Financial Year 2010/11, in accordance with the Council's Treasury Management Policy and Strategy 2010/11.

RESOLVED: That

- (1) the report be noted; and
- (2) the Head of Corporate Finance and ICT circulate a briefing paper on the acronyms referred to in the report to Members of the Committee for information.

7. EXTERNAL AUDIT ANNUAL AUDIT PLAN 2010/11 - PROGRESS REPORT

Mr. D. Newman from the Council's External Auditors, PricewaterhouseCoopers presented a report which provided an update on the various areas of work undertaken by the External Auditors and the progress made against the 2010/11 External Audit Plan.

He reported that there were typographical errors in the report in that the reference to a PFI Scheme for street lighting on agenda page 17 should read "leisure services" and that the reference to Knowsley Council in the footer of page 31 should read Sefton Council.

A discussion took place on the need for the performance of the Council's bailiffs to be monitored with regard to the collection of bad debt, and the processes implemented by Arvato for initiating change requests for new starters, leavers and changes to personnel details.

The Head of Finance and ICT referred to the items to be considered by Members when approving financial statements as set out in Appendix 4 of the report and indicated that a report on this issue would be submitted to the next meeting of the Committee together with the Statement of Accounts for 2010/11. A presentation on Key Issues to be considered in

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the Statement of Accounts would be arranged for Members of the Committee prior to the next meeting.

She also indicated that arrangements would be made for briefing sessions on the following topics to be held for Members of the Committee during 2011/12:

- Treasury Management
- local taxation and Government Grants – how the Council accounts for its monies
- the role of Internal Audit and External Audit
- the role of the Audit and Governance Committee

RESOLVED: That

- (1) the progress report be noted;
- (2) the Overview and Scrutiny Management Board be requested to consider the possibility of a Scrutiny review being undertaken on the collection of bad debts and the performance of the Council's bailiffs;
- (3) the Head of Corporate Finance and ICT submit reports on the processes implemented by Arvato for initiating change requests for new starters, leavers and changes to personnel details to the next meeting;
- (4) the Head of Corporate Finance and ICT make arrangements for a presentation to be given to the Committee prior to the next meeting on the Key Issues to be considered when examining the Statement of Accounts; and
- (5) the proposals for briefing sessions to be held for Members of the Committee during 2011/12 be noted.

8. INTERNAL AUDIT PLAN - JULY 2011 TO MARCH 2012

Further to Minute No. 39 of the meeting held on 30 March 2011, the Committee considered the report of the Head of Corporate Finance and ICT on the Internal Audit Plan for the period from 1 July 2011 to 31 March 2012.

RESOLVED:

That the Internal Audit Plan be approved.

9. CORPORATE RISK REGISTER - UPDATE

The Committee considered the report of the Head of Corporate Finance and ICT on proposals for the Council's risk management process and methodology to be reviewed by the Strategic Leadership Team to ensure that the Corporate Risk Register addresses those risks that input the high level strategic objectives of the Council and not the operational requirements of service delivery.

RESOLVED: That

- (1) the proposed methodology for the revised Corporate Risk Register, as set out in the report be approved; and
- (2) the Head of Corporate Finance and ICT submit an updated Corporate Risk Register to every meeting of this Committee with any changes highlighted in the report.

10. 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 items of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 3 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.

11. INTERNAL AUDIT ANNUAL REPORT 2010/11

The Committee considered the report of the Head of Corporate Finance and ICT reviewing Internal Audit Activity for 2010/11 and setting out the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of the Council's internal control environment.

The Chief Internal Auditor reported that there was a typographical error on agenda page 77 in that the reference to an Outturn of 2008/09 should read 2010/11.

The report included a Self Assessment Review of Internal Audit undertaken as part of the review of the system of internal control which had been compiled in line with the guidance provided in the CIPFA Code of Practice for Internal Audit 2006.

The Committee was informed that the Chief Internal Auditor was, in general, satisfied that the Council continues to operate within an adequate and generally effective overall control environment.

The report also provided details of Arvato's Performance on Benefit Fraud Management during 2010/11.

RESOLVED: That

- (1) the report and the opinion arising from the work of the Internal Audit Service be noted;
- (2) the self assessment Review of Internal Audit contributing to the consideration of the system of internal control be noted;
- (3) the report on Benefit Fraud Management activity be noted; and
- (4) the Head of Corporate Finance and ICT submit a report on the terms of reference for the Internal Audit Section to the next meeting.

12. INTERNAL AUDIT ANNUAL FRAUD REPORT 2010/11

The Committee considered the report of the Head of Corporate Finance and ICT which provided a summary of the proactive and reactive anti-fraud and investigation work undertaken during 2010/11 by the Internal Audit Team.

RESOLVED:

That the report be noted.