

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE TOWN HALL, SOUTHPORT
ON 28 MARCH 2012**

PRESENT: Councillor Hands (in the Chair)
Councillor Tonkiss (Vice-Chair)

Councillors Brennan, Lord Fearn, Friel, McIvor,
Parry and Shaw

ALSO PRESENT: Mr. P. Chambers from PricewaterhouseCoopers

35. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Brady and Maher.

36. DECLARATIONS OF INTEREST

The following declaration of interest was made.

Member	Minute No.	Reason	Action
Councillor Brennan	38 – External Audit Plan 2011/12	Personal – He is a Non Executive Director of Sefton New Directions which is referred to in the report	Took part in the consideration of the item and voted thereon
Councillor Hands	47 – Internal Audit Fraud Report – April 2011 to February 2012	Personal – He is the Chair of the Governors of Birkdale Primary School which is referred to in the report	Took part in the consideration of the item and voted thereon

37. MINUTES OF PREVIOUS MEETING

RESOLVED:

That the Minutes of the meeting of this Committee held on 14 December 2011 be confirmed as a correct record.

38. EXTERNAL AUDIT PLAN 2011/12

Mr. P. Chambers from PricewaterhouseCoopers, the Council's external auditors, presented a report setting out the audit and inspection work to be undertaken for the 2011/12 financial year, which included an analysis of the assessment of significant audit risks, the proposed audit strategy approach to be taken by the external auditors, the reporting and audit timetable and details of the indicative audit fee for 2011/12.

RESOLVED: That

- (1) the External Audit Plan 2011/12 be approved;
- (2) the External Auditors only include items greater than £250,000 in the summary of uncorrected misstatements due to the Council's turnover and level of materiality; and
- (3) the Chief Internal Auditor circulate a guidance note to Members of the Committee to assist them in their discussions with the External Auditors on the issues set out in the report relating to Fraud to be held at the conclusion of the next meeting to be held on 27 June 2012.

39. MEMBERS TREASURY MANAGEMENT TRAINING

The Committee considered the report of the Head of Corporate Finance and ICT which provided a summary of the main issues considered at the treasury management training session held for members and substitute members of the Committee on 10 February 2012. The report also referred to proposals for the submission of a detailed report to be a future meeting on the Committee on the "direction of travel" for the Council's investment strategy.

RESOLVED: That:

- (1) the report be noted;
- (2) a detailed report be submitted to a future meeting of the Committee on the "direction of travel" for the Council's investment strategy; and
- (3) the Head of Corporate Finance and ICT submit a report to the next meeting on the Committee on the proposed programme of training sessions to be organised for members and substitute members of the Committee during 2012/13.

40. TREASURY MANAGEMENT 2011/12 - THIRD 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 current financial year up until 31 December 2011, in

accordance with the Council's Treasury Management Policy and Strategy 2011/12.

RESOLVED:

That the report be noted.

41. REVIEW OF DOUBTFUL DEBT PROVISION - COUNCIL TAX / SUNDRY DEBTS

Further to Minute No. 28 of the meeting held on 14 December 2011, the Committee considered the report of the Head of Corporate Finance and ICT on the proposed methodologies for determining the target level of provision for Doubtful Debts for Council Tax and Sundry Debts.

During the discussion on the report, members requested that the monetary value of the proposed level of provision for Doubtful Debts for Council Tax and Sundry Debts should be included in future reports to the Committee in addition to the current and proposed percentage levels of provision.

RESOLVED: That:

- (1) the proposed methodology for determining the target level of provision for Doubtful Debts for Council Tax and Sundry Debts be noted;
- (2) it be noted that the Council will move toward the achievement of these target levels, as resources allow,
- (3) a report on the proposed methodology for determining the target level of provision for Business Rate Debts be submitted to the next meeting of the Committee.

42. INTERNAL AUDIT PLAN 2011/12 PERFORMANCE REPORT - APRIL 2011 TO FEBRUARY 2012

The Committee considered the report of the Head of Corporate Finance and ICT which provided a summary of internal audit work undertaken during the period April 2011 to February 2012. The Committee was required to be appraised of and review Internal Audit work as part of its review of the internal control environment and overall Governance arrangements.

The report also provided details of the performance trend of Arvato's Benefit Fraud Investigation Team.

RESOLVED:

That the report be noted.

43. INTERNAL AUDIT PLAN 2012/13

The Committee considered the report of the Head of Corporate Finance and ICT on the proposed framework for the Chief Internal Auditor to consult with Strategic and Service Directors on the production of the Internal Audit Annual Plan for 2012/13 in accordance with the CIPFA Code of Practice for Internal Audit. The report indicated that the details of the Internal Audit Annual Plan for 2012/13 would be reported to the next meeting of the Committee.

RESOLVED:

That the proposed framework for the production of the Internal Audit Plan for 2012/13 be approved.

44. AUDIT COMMISSION REPORT - PROTECTING THE PUBLIC PURSE

The Committee considered the report of the Head of Corporate Finance and ICT which provided a summary of the Audit Commission's publication "Protecting the Public Purse (Fighting Fraud against Local Government)" and outlined the Council's proposed response to the issues identified in the publication by identifying the Council's current actions to respond to the risk of Fraud and identify any potential gaps / weaknesses in the Council's strategy / plan.

RESOLVED:

That the report be noted and the Council's proposed response, action plan / way forward to the publication be endorsed

45. THE FUTURE OF THE STANDARDS REGIME AT SEFTON COUNCIL

Further to Minute No. 14 of the meeting of the Standards Committee held on 13 March 2012, the Committee considered the report of the Head of Corporate Legal Services which provided details of the impact of the Localism Act 2011 on the current standards regime. The report also outlined the possible future arrangements for the administration of Standards in Sefton with effect from 1 July 2012.

RESOLVED: That

- (1) the Council be requested to give approval to the work of the current Standards Committee being merged with that of the Council's Audit and Governance Committee and that the case-work of the current Standards Sub Committees continue and be overseen by the Audit and Governance Committee, subject to consideration being given to an increase in the number of members on the Committee for the 2012/13 Council Year; and

- (2) resolutions (2) and (3) in Minute 14 of the meeting of the Standards Committee held on 13 March 2012 be endorsed.

(In accordance with Rule 18.4 of the Council and Committee Procedure Rules, Councillors Brennan and Friel requested that their abstentions on the vote taken on resolution (1) be recorded)

46. 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 they 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 had been applied and favoured exclusion of the information from the press and public.

47. INTERNAL AUDIT FRAUD REPORT - APRIL 2011 - FEBRUARY 2012

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 the period April 2011 to February 2012 by the Internal Audit Team.

RESOLVED:

That the report be noted.

48. CORPORATE RISK MANAGEMENT AND CORPORATE RISK REGISTER

The Committee considered the report of the Head of Corporate Finance and ICT on the revised arrangements for the management and mitigation of risk within the Council through the introduction of a Corporate and Community Risk Management Group. The report also provided details of the Corporate Risk Register which had been updated to reflect the Council's corporate objectives and monitor the Council's strategic risks.

RESOLVED: That:

- (1) the changes required in order to manage and mitigate risk within the Council be noted;
- (2) the introduction of the Corporate and Community Risk Management Group be noted;
- (3) the updated Corporate Risk Register be approved; and

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- (4) the Head of Corporate Finance and ICT be requested to submit a report to the next meeting of the Committee on the arrangements for managing and mitigating “reputation damage” to the Council through the dissemination of appropriate information on key strategic and operational issues to Members of the Council.