

AUDIT COMMITTEE

6.00 P.M.

25TH JUNE 2008

PRESENT:- Councillors Malcolm Thomas (Chairman), Jon Barry, Abbott Bryning, Roger Dennison, Janice Hanson and Tony Johnson

Apologies for Absence:-

Councillor Geoff Knight

Also in attendance:-

Jillian Burrows and Heather Thornton, KPMG

Officers in attendance:-

Roger Muckle	Corporate Director (Finance and Performance)
Nadine Muschamp	Head of Financial Services and Section 151 Officer
Andrew Clarke	Accountancy Services Manager
Derek Whiteway	Internal Audit Manager
Debbie Chambers	Principal Democratic Support Officer
Sharon Marsh	Democratic Support Officer

1 MINUTES

The Minutes of the meeting held on 23rd April, 2008 were agreed and signed as a correct record.

2 APPOINTMENT OF VICE CHAIRMAN

Two nominations were received for the appointment of Vice-Chairman for the Municipal Year 2008/09, Councillor Roger Dennison and Councillor Janice Hanson

Upon being put to vote 3 Members voted for Councillor Roger Dennison and 3 Members voted for Councillor Janice Hanson with 1 abstention.

A casting vote was made by the Chairman and Councillor Janice Hanson was appointed Vice-Chairman of the Audit Committee for the Municipal Year 2008/09.

Resolved:

That Councillor Janice Hanson be appointed Vice-Chairman of the Audit Committee for the Municipal Year 2008/09.

3 ANNUAL AUDIT AND INSPECTION PLAN 2008/09

Heather Thornton from External Auditors KPMG presented the Audit and Inspection Plan 2008/09. The Plan set out the audit and inspection work that KPMG proposed to undertake for the 2008/09 financial year. The Plan was based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA).

It was reported that two key risks, implementation of Fair Pay and value for money, had been identified and that work had been planned to address these risks. This work was due to be completed by the end of December 2008.

It was noted that the Audit fee had increased significantly (11%) and that this was due to an increased amount of work to be undertaken on use of resources/data quality amongst other things. It was reported that a new code of audit practice would be introduced for 2009/10 and that this could also have an impact on fees.

Resolved:

That the Annual Audit and Inspection Plan for 2008/9 be approved.

4 STATEMENT OF ACCOUNTS 2007/08

The Head of Financial Services introduced a report that sought Members' approval of the draft Statement of Accounts for 2007/08 and outlined the audit process for information. She outlined key financial issues arising from the Accounts and informed Members that the deadline had been tough to meet due to the change in financial systems and accounting practices in this year, and that the Accounts themselves had been made available to Members as soon as they had been completed. In addition, a briefing had been held earlier that week for Members of Audit Committee, Budget and Performance Panel and Cabinet, to give a further opportunity to consider the key points arising. In future years, if accounting practices settle, it was hoped that the accounts could be completed slightly earlier to give more time for Members to consider them.

Members asked several questions regarding the Accounts and their content, in particular on outturn variances and on the accounts of Williamson Park.

It was also reported that monies had been put aside for completing the acquisition of Luneside East, but that this initial provision would have to be regularly reviewed.

Resolved:

That the draft Statement of Accounts for the financial year ended 31 March 2008 be approved, and that the Chairman signs and dates the Accounts accordingly.

5 RISK MANAGEMENT

The Head of Financial Services presented a report that sought Audit Committee's approval of the revised Risk Management Strategy, to provide assurance that the risks relating to Member Decision Making and Luneside East were being actively managed, and to recognise the work that needed to be done and satisfy the Audit Commission's Key Lines of Enquiry (KLOEs) for Use of Resources 2008/09.

Members discussed the key risk issues arising, picking up on the Luneside aspects that were also considered on the previous agenda item. In addition, Members considered risks associated with Members of the Planning and Highways Regulatory Committee potentially making decisions against Officer recommendations without basing them on sound planning grounds, leaving such decisions open to appeal and exposing the council financially. It was reported that Members of the Committee had received further training from the Head of Planning Services on this issue, to help mitigate the risks.

Resolved:

- (1) That the revised Risk Management Strategy be approved.
- (2) That the Committee notes the risk position and the actions taken regarding:
 - claims relating to the basis on which planning permission is refused and,
 - the Luneside East developments.
- (3) That the Committee recognises the work that needs to be done to satisfy the Audit Commission's Key Lines of Enquiry (KLOEs) for Use of Resources 2008/09.

6 CONSTITUTIONAL AMENDMENT - RESTRICTION ON CABINET MEMBERS AS MEMBERS OF THE PLANNING COMMITTEE

The Principal Democratic Support Officer presented a report that considered whether in the future Cabinet Members should no longer be permitted to take part in the consideration of planning applications as members of the Planning and Highways Regulatory Committee.

The matter had been raised for debate following recent voting patterns within Cabinet.

It was noted that there was no legislation that prevented Cabinet Members also being Members of the Planning and Highways Regulatory Committee and no restrictions in the current Council Constitution.

Concerns were raised that, should Cabinet Members be excluded from membership of the Planning and Highways Regulatory Committee, political groups might find it difficult to put forward enough non-Cabinet Members with availability to attend the daytime meetings of that Committee. However, it was noted that council had flexibility to both reduce the numbers on committees and adjust their timings to accommodate members' availability.

It was further raised that there could be similar tension between executive decision makers who may also sit on other council decision making/regulatory bodies, although it was felt that this was not an issue currently.

It was requested that a risk assessment be undertaken to determine whether Members on both Cabinet and the Planning and Highways Regulatory Committee could be open to criticism for decisions made, and therefore leave the Council open to challenge, and that the risk assessment be presented back to Audit Committee for consideration.

Resolved:

- (1) That the City Council undertake a risk assessment regarding whether decisions made by Members on both Cabinet and the Planning and Highways Regulatory Committee could leave the Council open to challenge and that the risk assessment be presented back to Audit Committee for consideration.
- (2) That the City Council consider whether other Local Authorities allow Members of

the Cabinet to also be Members of the Planning and Highways Regulatory Committee.

7 RESULTS OF INTERNAL AUDIT WORK

The Internal Audit Manager introduced a report that informed the Committee of the results of Internal Audit work for the period.

Members discussed the report in detail and in particular considered partnership arrangements. It was reported that this piece of work would be the subject of a report to the Budget and Performance Panel meeting in July.

Resolved:

That the report be noted.

8 INTERNAL AUDIT ANNUAL REPORT 2007/08

The Internal Audit Manager introduced a report that informed the Committee of the extent and outcome of Internal Audit work during the 2007/08 financial year and to present an annual Statement of Assurance regarding the Council's internal Control Framework.

Resolved:

- (1) That the report be noted.
- (2) That the Controls Assurance Statement be accepted.

9 ANNUAL GOVERNANCE REVIEW 2007/08

The Corporate Director (Finance and Performance) presented a report that sought the Committee's approval for the draft Annual Governance Statement for the 2007/08 financial year.

Resolved:

- (1) That the Annual Governance Statement for 2007/08 be approved for signing by the Leader of the Council, Chief Executive, Section 151 Officer and Monitoring Officer.
- (2) That the Audit Committee recommends to Council that the Audit Committee's Terms of Reference be updated to reflect the requirement for the Council to produce an Annual Governance Statement.

10 INTERNAL AUDIT STRATEGIC & ANNUAL PLANS 2008/09

The Internal Audit Manager requested Members to consider a report that sought the Committees approval for a proposed three year Internal Audit Strategic Plan and Annual Operational Plan for 2008/09.

Resolved:

- (1) That the Internal Audit Strategic Plan be approved.
- (2) That the Internal Audit Annual Operational Plan for 2008/09 be approved.

Chairman

(The meeting ended at 19.47)

**Any queries regarding these Minutes, please contact
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