

## AUDIT COMMITTEE

6.00 P.M.

22ND APRIL 2009

**PRESENT:-** Councillors Janice Hanson (Vice-Chairman in the Chair), Jon Barry, Abbott Bryning, Roger Dennison, Janice Hanson, Geoff Knight and Keith Sowden

### Apologies for Absence

Councillor Malcolm Thomas

### Officers in attendance:-

Nadine Muschamp	Head of Financial Services
Derek Whiteway	Internal Audit Manager
Debbie Chambers	Principal Democratic Support Officer
Sharon Marsh	Democratic Support Officer

## 29 MINUTES

The Minutes of the meeting held on 21<sup>st</sup> January 2009 were agreed and signed as a correct record.

## 30 DECLARATIONS OF INTEREST

There were no declarations of interest.

## 31 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

There were no items of urgent business.

## 32 INVESTMENTS IN ICELANDIC INSTITUTIONS - UPDATE

The Head of Financial Services presented a report to update Members of the Audit Committee on actions taken regarding the Investments in Icelandic Institutions since the special meeting of the Committee in November 2008 arranged to discuss the subject.

It was noted that no further information had been received on the position of Landsbanki and Glitnir since the Local Government Association's briefing paper. The key issue for the Council was whether Local Authorities would be treated as preferential creditors and therefore have better prospects for higher recovery.

The Committee were reminded that the City Council had £3 million invested in Glitnir and £1 million in Landsbanki. The remaining £2 million had been invested with KS&F.

The Administrator for KS&F was not yet in a position to confirm the rate of return. However, it was expected that the minimum total dividend would be 50 pence in the pound. The first dividend was expected in July at 10 pence in the pound.

It was reported that updates provided by the Local Government Association were currently distributed to Group Leaders monthly. The Committee requested that the updates also be circulated to all Audit Members directly.

It was noted that the City Council had revised its Treasury Management Strategy and currently held most of its funds in easily accessible call accounts and money market funds. The Council also no longer considered forward deals. The Audit Commission report advised Councils to balance security, liquidity and yield to be achieved when considering where to invest their money. The Government's Debt Management Account Deposit Facility (DMADF) was discussed, and it was noted that at present, generally call account interest rates were around 0.1% to 0.15% above the base rate, whereas DMADF rates were generally around 0.2% under base rate.

Members discussed the report in detail and asked a number of questions of the Head of Financial Services.

***Resolved:***

That the report be noted.

### **33 RISK MANAGEMENT**

The Head of Financial Services presented a report that introduced the proposed Code of Practice for Managing Risk and Opportunity 'A Sense of Proportion' and to seek approval for it to be formally adopted in place of the current Risk Management Policy and Strategy. A number of major changes and improvements to the existing policy and strategy were proposed.

An Internal Audit had recently been undertaken on Risk Management and had stated that a reasonable level of assurance had been provided in relation to the effectiveness of the Authority's risk management arrangements, but the audit had also made a number of recommendations, adding impetus for the need to update the council's risk management framework.

It was noted that currently there was some duplication between Risk Management and Performance Management that was addressed by the new strategy.

With regard specifically to risk management for projects, it was reported that every key project should have a project management board that monitored the risks of that project. Projects should be picked up on through Performance Review Teams and the quarterly reports produced on each Service's performance, as appropriate.

***Resolved:***

1. That the Committee notes the reasons for reviewing the Council's risk management procedures and the major changes and improvements proposed, and gives approval for the Code to be formally adopted in place of the current Risk Management Policy and Strategy.
2. That the Financial Regulations within the Council's Constitution be amended as set out in the report.

**34 INTERNAL AUDIT MONITORING**

The Internal Audit Manager presented a report that advised Members of the latest monitoring position regarding the 2008/09 Internal Audit Plan. It was noted that there had been a number of variances in the number of days spent on each area of internal audit work. This had been mostly down to a number of investigations that Internal Audit had undertaken in the last quarter of the year.

It was reported that the Internal Audit Manager had been seconded to the Fair Pay Project for 74 days. The role was ongoing and had not been included in the original plan.

It was noted that the proposed Audit Plan for the year 2009/10 would be received at the June Audit Committee meeting and would incorporate those audits originally scheduled for 2008/09 which had not been progressed.

Members requested that future detailed monitoring reports differentiate between time-bound projects/assignments and work of an ongoing nature.

***Resolved:***

That the current monitoring position be noted.

**35 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.

It had been noted, at the previous meeting, that had Housing Rents (debit control) and Income Tax and National Insurance 2007/08 (Expenses and Benefits) remained at a limited assurance level, the relevant Officer would have been asked to attend this meeting of the Audit Committee. The Internal Audit Manager reported that having followed up these audits, they had now reached a reasonable level of assurance.

Members' attention was drawn to the audits where a Limited assurance opinion had been issued and were informed when follow up audits would be taking place.

***Resolved:***

That the report be noted.

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Chairman

(The meeting ended at 7.24 p.m.)

**Any queries regarding these Minutes, please contact  
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