

## DECISIONS OF THE AUDIT COMMITTEE

21 JUNE 2010

COMMITTEE:

\*Councillor Monroe Palmer OBE, BA, FCA (Chairman)

\*Councillor Tom Davey (Vice-Chairman)

Councillors:

\* Alex Brodkin                      \* Sury Khatri BSc (Hons), MSc   \* Andreas Tambourides  
\* Geof Cooke                        \* Graham Old

\*denotes Member present

**1. MINUTES:**

RESOLVED – That the decisions of the meeting held on 11 March 2010 be approved as a correct record.

**2. ABSENCE OF MEMBERS:**

All Members were present.

**3. PUBLIC QUESTION TIME:**

There were no public questions.

**4. DECLARATIONS OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS:**

There were no interests declared.

**5. MEMBERS' ITEMS (Agenda Item 5):**

There were no Members' Items.

**6. PRESENTATION ON INTERNATIONAL FINANCIAL REPORTING STANDARDS (Agenda Item 6)**

Members received a briefing on International Financial Reporting Standards (IFRS) from Maria Christofi, Head of Strategic Finance and Hayley Woolard, Project Accountant, IFRS.

**7. DRAFT ANNUAL GOVERNANCE STATEMENT (Report of the Director of Corporate Governance and Monitoring Officer – Agenda Item 7)**

The Director of Corporate Governance and Monitoring Officer introduced the report. He informed the Committee that the report would return to the Committee in September 2010 for final approval.

RESOLVED – That the Committee approves the proposed Draft Annual Governance Statement for inclusion with the Statement of Accounts for 2009/10.

**8. 2009/10 STATEMENT OF ACCOUNTS (Report of the Deputy Chief Executive and Chief Finance Officer – Agenda Item 8)**

The Deputy Chief Executive and Chief Finance Officer introduced the report. He advised that the Council had earmarked two significant reserves and that a new risk reserve has been created to cover a wide scope of risks. He also explained that a transformation reserve enables the Council to make changes to its service delivery.

The Committee noted an error on page 68 of the report in that for the text below note 28 (Net Assets Employed), line 2 should state £71.1m and not £65.8m.

RESOLVED –

1. That the annual Statement of Accounts be signed by the Chairman of the Committee as having been approved.
2. That the Statement of Accounting Policies included in the accounts be adopted.
3. That the Deputy Chief Executive and Chief Finance Officer, in consultation with the Chairman of the Audit Committee, be authorised to agree significant changes, if any, to the Statement of Accounts, following discussions with the external auditor, and to inform members of the Committee accordingly.
4. That the Committee receives a briefing on International Financial Reporting Standards and the impact on the Statement of Accounts, as part of its training programme in the next twelve months.

**9. INTERNAL AUDIT ANNUAL REPORT (Report of the Interim Assistant Director Audit and Risk Management – Agenda Item 9)**

The Interim Assistant Director Audit and Risk Management introduced the report. He advised that the opinions expressed in the report were his and this was based on his work in Internal Audit over the year. The Committee asked that where an audit had a limited assurance and this had not improved following subsequent audit(s), that there should be a mechanism for the Audit Committee to question the relevant Head of Service as to why this has not been moved forward; or if Head of Service is contented with the risk, the reason for this.

The Committee also requested that in the limited situations where there is a difference of opinion between Internal Audit's recommendations and what a Service Area Manager thinks, that the Audit Committee be given a written explanation as to the reason for the difference.

RESOLVED – That the Committee notes the contents of the report.

**10. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT (Report of the Interim Assistant Director Audit and Risk Management – Agenda Item 10)**

The Interim Assistant Director Audit and Risk Management introduced the report. The Committee expressed concerns about appropriate levels of cooperation and buy-in from Heads of Service concerning Internal Audit reports.

The Committee expressed that where there is an adverse Internal Audit report, Heads of Service should take proper action to address this. Paul Dossett, Grant Thornton LLP stated that a system needs to be introduced whereby Heads of Service/Senior Managers take responsibility for addressing shortfalls and that Internal Audit carry out follow-ups.

The Committee made an additional recommendation as reflected in (3) below.

RESOLVED –

1. That the report of the External Auditors be noted and that the Action Plan be approved.
2. That the Interim Assistant Director Audit and Risk Management reports to future meetings of this Committee on progress against the actions.
3. That the Interim Assistant Director Audit and Risk Management prepares interim reports for the Chairman and Vice-Chairman where there are high priority/high risk recommendations made in internal audit reports.

**11. EXTERNAL AUDIT FEES 2010/11 (Report of the Deputy Chief Executive/ Chief Finance Officer – Agenda Item 11)**

Paul Dossett and Hanisha Solanki of Grant Thornton LLP introduced the report. He explained that the fee was only an indicative fee and was subject to change but was more likely to go down rather than up.

RESOLVED – That the annual audit fee 2010/11 letter from Grant Thornton UK LLP be noted.

**12. ENVIRONMENT AND OPERATIONS RISK REPORT (Report of the Director of Environment and Operations – Agenda Item 12)**

Zafran Khan, Assistant Director, Environment and Operations and Hester Fairgrieve, Strategic Planning Advisor, Environment and Operations presented the report.

RESOLVED – That the Environment and Operation Directorate's approach to Risk Management within corporate policy be noted.

**13. ANNUAL REPORT OF THE CORPORATE ANTI FRAUD TEAM 2009/10 (Report of the Acting Corporate Anti Fraud Team Manager and of the Director of Corporate Governance – Agenda Item 13)**

The Acting Corporate Anti Fraud Team Manager introduced the report.

RESOLVED – That the contents of the Corporate Anti Fraud Team's Annual Report for 2009/10 be noted.

The meeting closed at 9.27pm.