

At a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the CIVIC CENTRE on FRIDAY, 23RD MAY, 2008 at 1.30 p.m.

Present:-

Mr. G.N. Cook in the Chair

Councillors Allan, Arnott, M. Forbes, Wares and T. Wright and Mr. J. Paterson.

Prior to the commencement of the business of the meeting, the Chairman welcomed Councillors Arnott and Wares to their first meeting of the Committee. He advised that before the next meeting, training on the role of this Committee would be available for new Members and anyone who required refresher training.

Declarations of Interest

There were no declarations of interest submitted.

Apologies for Absence

There were no apologies of absence submitted to the meeting.

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Minutes

1. RESOLVED that the minutes of the meeting of the Committee held on 20th March, 2008 be confirmed and signed as a correct record.

Internal Audit Services Annual Report for 2007/2008

The City Treasurer submitted a report (copy circulated) which provided details of the performance of Internal Audit Services (IAS) during 2007/2008 relating to the Council and also associated bodies for which the Council had a lead responsibility.

(For copy report – see original minutes).

The Assistant City Treasurer (Audit and Procurement) provided an overview of the report and in doing so drew Members' attention to the agreed Operational Internal Audit Plan for the year which had included 119 audits. He explained that of these, 111 were completed within the year, 1 had been ongoing but was now complete, 4

had been replaced with other appropriate audits following agreement with appropriate Chief Officers and 3 had been withdrawn as changes within the Directorates had meant they could not be completed. This had resulted in a performance against the original plan of 95.8%.

The Assistant City Treasurer (Audit and Procurement) reported that a further 13 unplanned audits had been undertaken and these were highlighted in Appendix 2 to the report. He then drew attention to the Internal Audit Services recommendations and reported that Action Plans had been drawn up for the implementation of the recommendations in consultation with the relevant Directorates. He added that quarterly reports were submitted to the City Treasurer on progress made.

In relation to business continuity and contingency planning (ICT), Committee Members were advised that significant progress had been made to improve arrangements.

Turning to the follow-up audits, it was noted that the recorded performance of agreed audit recommendations being implemented currently stood at 87% compared to the target of 90%. This had been a considerable improvement on previous years and efforts continued to improve this even further.

The Assistant City Treasurer (Audit and Procurement) reported that the Audit Commission had carried out an independent review of the effectiveness of the service and had concluded that robust arrangements were in place. He added that good progress had been made against the Service Plan and in relation to key performance indicators.

In response to the Chairman's enquiry on schools which might not meet the relevant Financial Management Standard in Schools to timescale, the Assistant City Treasurer (Audit and Procurement) advised that the Audit Team were working closely with the schools to ensure compliance. The Chairman requested that the relevant schools which had not yet achieved the Standard of the Committee's concerns.

Councillor Wright having queried the performance targets for implementing audit recommendations, was advised that timescales for actions were set depending on potential consequences on the Council as a whole.

Upon consideration, it was:-

2. RESOLVED that it be noted that:-

- (i) the Internal Audit Service is being delivered in accordance with statutory responsibilities and is continually seeking to improve the standards of its service, and
- (ii) using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken within 2007/2008, it is considered that overall throughout the Council there continues to be a sound internal control

environment. Where areas for improvement have been identified, recommendations were made to minimise the level of risk, and action plans for their implementation were drawn up and agreed by management.

Risk Management Annual Report 2007/2008 and Policy Statement and Strategy – Review and Update

The City Treasurer submitted a report (copy circulated) which set out arrangements for the management of risk in place during 2007/2008, proposals for future improvement and development, and the outcome of a review of the Risk Management Policy Statement and Strategy.

(For copy report – see original minutes).

The Head of Risk Management and Insurance outlined the report and in particular brought Members' attention to the Risk Management Framework contained in the report. Members attention was drawn to the need to maintain and review the Corporate Risk Profile and to ensure that Managers throughout the Council were considering potential risks and managing them once identified. Members were also made aware of the need to embed Risk Management and thereby ensure that a proactive risk management culture existed throughout the Council. This would continue to be addressed through in-house training, distribution of the Risk Watch magazine, through the preparation and review of the Corporate Risk Profile and Directorate Risk Management Action Plans, and through the provision of other related training e.g. project management.

The City Treasurer drew attention to the Risk Management of the Council's significant partnerships and reported that protocols and procedures had been established to assist in the production of risk registers.

The Committee having congratulated the Council on the external awards achieved for Risk Management, it was:-

3. RESOLVED that:-

- (i) the Annual Report on the Corporate Risk Management arrangements in place during 2007/2008 be noted;
- (ii) the updated Council Policy Statement and the Strategy be noted; and
- (iii) on the basis of these arrangements and the evidence of their effectiveness it can be concluded that arrangements for managing risk within the Council are sound.

Audit Commission – Audit and Inspection Plan for 2008/2009

The City Treasurer submitted a report (copy circulated) which outlined the audit and inspection work that the Audit Commission proposed to undertake for the 2008/2009 financial year.

(For copy report – see original minutes).

The City Treasurer explained that each year District Audit discussed the Audit and Inspection Plan for the year ahead with Chief Officers of the Council. Ms. Hunt, Audit Manager from the Audit Commission presented the Plan and highlighted the work which would be undertaken and the fees for the year. She explained that the fees reflected the Council's rating under the CPA as a four star Authority and therefore deemed to be of low risk. She added that a further reduction of the audit and inspection fees would be considered if the Council made improvements to the quality assurance process on grant claims.

The City Treasurer drew attention to the reduction in fees in respect of the certification of claims and returns from the previous year which had been due to changes to Government grants from specific to area based grants. He agreed to undertake an analysis of the grant claims process.

Consideration having been given to the report, it was:-

4. RESOLVED that the Audit Commission's Annual Audit and Inspection Plan for 2008/2009 be received and noted.

(Signed) G.N. COOK,
Chairman.