

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Monday 17 March 2008

Time: 6.00 p.m.

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

Present: R. Raynor (Chair), J. Gardner (Vice Chair),
H. Burrell (until 7.30pm), J. Hollywell,
Margaret Notley

Agenda Item:

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In Attendance: Cllr Mrs Joan Lloyd, Debbie Hanson, District
Auditor, Audit Commission and Penny Irwin,
Audit Manager, Audit Commission

Start/End Time: Start Time: 6.00 p.m.
End Time: 8.15 p.m.

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

An apology for absence had been submitted on behalf of Brian Mitchell, Independent Member.

There were no declarations of interest.

The Chair welcomed Cllr. M Notley to the Committee.

The Chair wished to put on record his thanks to Pauline Coletta for all her hard work over the years and requested that a letter expressing this view be sent to her. The Chair then welcomed Claire Fletcher, the new Head of Finance to the Committee.

2 MINUTES - 16th JANUARY 2008

It was RESOLVED that the Minutes of the Audit meeting held on 16th January 2008, having been circulated, be taken as read and signed as a correct record by the Chair, subject to the deletion of Cllr Marion Mason's name as being present at the meeting.

The Committee was updated about the following matters:

1. A report on process mapping for Accountancy would be submitted to the September meeting;
2. A report on IT Business Continuity would be submitted to the September meeting;
3. The Committee was advised that SHL were reluctant to release Minutes of their Audit Committee. It was agreed that the Strategic Director would formally request that SHL reconsider their response;

4. Details regarding the implementation of a central register setting out details of personal electronic data exchange with third parties would be sent by email;
5. An officer advised that any issues which may result from personal information being passed to third parties were being pursued with Herts County Council.

At this juncture, the Chair advised that agenda item 13 would be discussed after agenda item 10.

3 AUDIT COMMISSION - REVIEW OF INTERNAL AUDIT MANAGEMENT ARRANGEMENTS

The Audit Manager, Audit Commission submitted a Review of Internal Audit Management Arrangement by the Audit Commission for consideration and approval by the Audit Committee.

The Audit Commission review internal audit management arrangements every three years and the latest review for Stevenage Borough Council (SBC) was carried out in May 2007. The review looked at the adequacy of Internal Audit's corporate arrangements and whether they had met the expectations of the CIPFA standards in 2006/07.

The Committee was advised that many of the proposed recommendations made in Appendix 4 - Action Plan would need to be discussed fully with the newly appointed Head of Finance and Audit Manager when he had taken up his position. The Committee was further advised that some of the recommendations made had been completed and three of the Standards were already in place, namely Terms of Reference, Audit Strategy and Performance Indicators.

It was RESOLVED that the report on the Review of Internal Audit Management Arrangements be approved.

4 DATA QUALITY AUDIT REPORT 2006/07

The Audit Manager, Audit Commission submitted the Audit Commission's report on the Council's 2006/07 Data Quality Review, as at Appendix A.

The Committee was advised that some of the recommendations made regarding Management Arrangements had already been completed. The Strategic Director agreed to make enquiries regarding the introduction of a data quality assurance checklist, as detailed at recommendation R13.

It was RESOLVED:

1. That the report on the Council's Data Quality for 2006/07 be noted.
2. That progress of the Data Quality Action Plan be monitored at six monthly intervals.

5 USE OF RESOURCES ASSESSMENT

The District Auditor, Audit Commission submitted a report that updated Members on the Council's Use of Resources score for 2007. The use of

Resources Judgement assessed how well the Council managed and used its financial resources and covered five themes:

- Financial reporting;
- Financial management;
- Financial standing;
- Internal control;
- Value for money.

The District Auditor provided details about the revised assessment process and how the weighting for each theme had been determined.

The Committee discussed the scores that had been awarded for each theme and agreed that the weaknesses identified by the Audit Commission would be the main focus of attention.

Members of the Committee welcomed the Audit training sessions that had been arranged.

It was RESOLVED that the Audit Commission's Use of Resources overall score for Stevenage Borough Council of level 2, which was defined as "Only at minimum requirements - adequate performance" be noted.

6 AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - UPDATE ON ACTION PLAN

The Interim Head of Finance submitted a report that updated the Committee on the Action Plan following the approval of the Audit Commission Annual Governance Report by the Audit Committee on 27 September 2008.

Members of the Committee expressed their thanks to officers for the hard work that had been undertaken.

It was RESOLVED that progress in implementing the Action Plan be noted.

7 ANTI-FRAUD TEAM – COMPARATIVE DATA

The Anti Fraud Partnership Manager submitted a report that summarised comparative performance data of the Anti-Fraud Team's performance during the financial years 2006/07 and 2007/08.

The partnership working arrangements between Stevenage and Hertsmere Borough Council were discussed and the Committee were pleased to see that there was now a full complement of staff and that the team was working well. It was agreed that the resolution should be changed to reflect the good performance of the team.

It was RESOLVED that the good performance of the Council's Anti-Fraud Team be noted.

8 STRATEGIC RISK REGISTER AND RISK MANAGEMENT ARRANGEMENTS

The Finance Projects Manager submitted the latest Strategic Risk Register for Stevenage Borough Council which gave details of the changes to the risk management arrangement that aimed to further embed risk management within the Council.

The Committee discussed the Risk Register in some detail and concern was expressed that S3, 'Equality and Diversity' had been awarded a Risk Score of 6. Officers were requested to look into the matter further.

It was RESOLVED:

1. That the Strategic Risk Register as at Appendix A1 to A4 be noted;
2. That the changes to the Council's risk management procedures, which aimed to further embed risk management within Stevenage Borough Council be noted.

9 INTERNAL AUDIT PLAN 2008/09

The Interim Head of Finance submitted a report that provided information on the approach adopted to plan and allocate internal audit resource to Stevenage Borough Council (SBC). The report also included the proposed Audit Assurance and Consultancy Services (Internal Audit) Terms of Reference and Strategy, together with the proposed Annual Audit Plan for the year commencing 1 April, 2008.

The Committee discussed the Annual Audit Plan 2008/09 and Indicative Years 2009/10 and 2010/11 as at Appendix B to the report and how coverage had been determined. It was requested that an officer provide a list of proposed areas that had been selected for audits for the Committee's consideration.

It was RESOLVED:

1. That the Terms of Reference and Strategy be approved;
2. That the performance targets be approved.

10 INTERNAL AUDIT UPDATE

The Deputy Audit Manager submitted a report that updated Members on the progress of Internal Audit against the agreed amended Annual Audit Plan for 2007/08, which included details of internal audit work undertaken during the period 1 December 2007 to February 2008. The report also provided an update on the position regarding the provision of audit services through partnership working.

The Committee discussed the reasons why some audits had slipped and Members were advised that additional temporary staff would be in place early April 2008.

It was RESOLVED:

1. That the Internal Audit quarterly report as at 29 February 2008 be noted;
2. That the update in the provision of audit partnership services with NHDC be noted.

11 DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: NEW CORPORATE GOVERNANCE FRAMEWORK

The Interim Head of Finance submitted an a report that updated Members on the preparation and development of the new Corporate Governance Framework in order to meet the new statutory requirements of producing an annual Governance Statement in the Statement of Accounts.

It was reported that a lot of work had been undertaken following the Audit Committee meeting in January 2008. Two workshops had taken place to gauge how the Council met the six principles in its various services, with another one planned for the beginning of April 2008.

The Committee discussed the table in the Corporate Governance Framework as at Appendix A to the report and concern was expressed at the negative scores given to some of the requirements listed.

It was RESOLVED that the report be noted.

12 CURRENT METHODS OF PAYMENTS FOR RECEIPTS

The Head of Revenues submitted a report that informed Members of the various methods of payment by which the Council received money.

A table showing all income and subsidies received by payment method was discussed and it was reported that from 1 October 2008 the charge for using credit cards for payment would be passed directly onto the customer.

It was RESOLVED that the report be noted.

13 THE LOCAL CODE OF CORPORATE GOVERNANCE

The Borough Solicitor submitted a report for consideration by the Committee for a Local Code of Corporate Governance.

It was RESOLVED:

1. That the draft Local Code of Corporate Governance be noted;
2. That the Local Code of Corporate Governance with minor and non-material amendments to the form attached to the report be adopted.

14 URGENT PART I BUSINESS

None.

15 EXCLUSION OF THE PRESS AND PUBLIC

Noted.

16 URGENT PART II BUSINESS

None.