

# STEVENAGE BOROUGH COUNCIL

## AUDIT COMMITTEE MINUTES

Date: Monday 8 June 2009

Time: 6.00 p.m.

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

**Present:** R Raynor (Chair), J Gardner (Vice Chair), B  
Clark, J Hollywell, M Notley  
Independent: B Mitchell

Agenda Item:

**2**

**In Attendance:** Councillor Mrs J Lloyd

**Start/End Time:** Start Time: 6.00 pm  
End Time: 7.30 pm

### 1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence, and no declarations of interest.

Before starting the meeting, the Chair invited officers to provide an update of the recent review of Members' expenses, which had covered the way in which expenses were claimed and recorded. Following the update, the Chair requested that a report on the new arrangements be submitted to a future meeting of the Committee.

The Head of Finance reported that training would be provided for all Audit Committee and Statement of Account Committee Members, in advance of the process of formally approving the Statement of Accounts at the end of June.

The Chair sought and obtained Members' consent to swapping items 3 and 4 on the order of the agenda.

### 2 MINUTES - 17 MARCH 2009

Reference was made to a letter sent in response to a Member's query at the previous meeting regarding a central register of personal data. Officers undertook to circulate the letter to all Members of the Committee.

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on 17 March 2009 be approved as a correct record and signed by the Chair.

### 3 INTERNAL AUDIT PROGRESS REPORT

In presenting the report the Chief Internal Auditor commented that 12 audits had been carried forward from the 2008/09 plan. Since the previous meeting of the Committee, three audits had overrun by more than 100% of the budgeted time allocation; details of these and the reasons for the overruns were set out in the report.

Following a question regarding the reasons for the overruns, it was **RESOLVED** that, under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting on the grounds that the discussion involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the said Act as amended by SI 2006 no. 88.

## Part II

The Chief Internal Auditor gave an update regarding the audits which had overrun, following which the meeting moved back into Part I and readmitted the press and public.

## Part I

The report sought Members' approval to an amendment to the 2009/10 Audit Plan whereby five days would be taken from the contingency allocation and added to the Car Parks audit to cover season tickets.

It was **RESOLVED** that the Internal Audit quarterly report as at 22 May 2009 be noted and the amendment to the Audit Plan be approved.

## **4 2008-09 INTERNAL AUDIT ANNUAL REPORT AND ANNUAL ASSURANCE STATEMENT**

The Committee considered the report which set out the Internal Audit Annual Report and Annual Assurance Statement for 2008/09. The Chief Internal Auditor commented that, as a result of the report, he had provided a "moderate" assurance that the system of internal controls within the organisation accorded with proper practice in 2008/09. The detail of this opinion was set out in the Report, including the "Significant Control Weaknesses" which had been identified.

The Internal Audit Annual Report also included an assessment of the effectiveness of Internal Audit, comprising a self-assessment and an external peer review.

It was **RESOLVED** that the 2008/09 Internal Audit Report and Annual Assurance Statement be noted.

## **5 DATA QUALITY AUDIT REPORT 2007/08**

The Performance and Improvement Manager introduced the report which presented the Audit Commission's report on Council's Data Quality Review 2007/08. The Audit Commission had concluded that the Council's overall management arrangements for securing data quality were, "consistently above minimum requirements and have been further embedded compared to the previous year". The report also commented on the role of Data Quality Champions, a network of staff focussed on data quality throughout the organisation, which was considered to be notable practice.

The Audit Commission's report had made a number of recommendations, largely relating to the Council's role coordinating data quality work with partners. These recommendations, and progress against them, were set out in an action plan appended to the officers' report.

It was **RESOLVED**:

1. That the Audit Commission's report on the Council's data quality for 2007/08, and resulting action plan at Appendix B to the report, be noted
2. That Members congratulate officers on the positive feedback in the report, and thank them for their work in this area.

## 6 ANNUAL GOVERNANCE STATEMENT 2008/09

Before presenting the report, the Head of Finance responded to a question from the External Auditors by explaining that the Annual Governance Statement (AGS) from Stevenage Homes Limited (SHL), which was a background document to the Council's AGS, had been included as a Part II document at the request of SHL, and following advice from the Head of Legal. It was noted that full publication of SHL's AGS was not required, but that SHL had been happy to share the document with the Council.

Following some research into the issue, it transpired that there was no consistent approach for Councils considering the AGSs of their Arms-Length Management Organisations (ALMOs). The External Auditors undertook to seek advice from the Audit Commission as to the best way to handle this issue in the future.

The Audit Committee considered the report, which presented the Council's AGS for 2008/09. The AGS was a statutory document which reviewed the effectiveness of the system of internal control, and which formed part of the Statement of Accounts, due for final approval on 29 June.

The Chair proposed that, further to the Significant Control Weaknesses identified in the Annual Assurance Statement (Item 4 refers), two actions be added to the 2009/10 action plan, as follows:

10.	Develop Procurement training Programme for officers. (Head of Finance)	March 2010
16.	Development and testing of Business Continuity Plans	December 2009 (Estimated)

In order to allow Members to comment on SHL's AGS, which had been circulated as a Part II background document, it was **RESOLVED** that, under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting on the grounds that the discussion involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the said Act as amended by SI 2006 no. 88.

### Part II

The Head of Finance reported that SHL's AGS was a supporting document as some assurance regarding SHL's Key Financial Systems had been required within the Council's own AGS. It was agreed that the appendices to the Part II document would be circulated to all Committee Members, following which the meeting moved back into Part I and readmitted the press and public.

### Part I

It was **RESOLVED** that the 2008/09 Annual Governance Statement be noted for inclusion in the 2008/09 Statement of Accounts, subject to the following additions to the list of actions for 2009/10 (paragraph 70), as set out in the preamble to this minute.

- Under "Ethics and Probity", and "Develop procurement training programme for officers"; and
- Under "Risk Management", add "Development and testing of Business Continuity Plans.

## **7 ANNUAL AUDIT AND INSPECTION LETTER**

The Head of Finance presented the report to the Committee, highlighting the key points set out in the Annual Audit and Inspection Letter (AAIL). Overall, it was considered that the document and related discussions with the Audit Commission had been very positive.

It was **RESOLVED**:

1. That the Audit Commission's Annual Audit and Inspection Letter for 2007/08 be noted.
2. That the Strategic Director (Resources) be requested to address the actions contained in the letter.

## **8 URGENT PART I BUSINESS**

None.

## **9 EXCLUSION OF THE PRESS AND PUBLIC**

It was **RESOLVED**:

1. That, under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the said Act as amended by SI 2006 no. 88.
2. That, having considered the reasons for the following reports being in Part II, it be agreed that maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

## **10 STRATEGIC RISK REGISTER QUARTER 4 2008/9**

The Finance Projects Manager presented the report which set out the Council's Strategic Risk Register for Quarter 4 of 2008. A Risk Group had been set up in July 2008 to review and monitor the Register. At its last two meetings, the group had undertaken a comprehensive review of the document, proposing a number of revisions. These revisions included updating some risks, and transferring some from the strategic register to an "operational" level. Particular attention had been paid to risks relating to the economic recession. Details of the resulting changes to the register were set out in the report.

It was **RESOLVED**:

1. That the Quarter 4 2008/09 Strategic Risk Register (Appendices A1-A5) be noted.
2. That progress in developing the Council's risk arrangements be noted.

## **11 URGENT PART II BUSINESS**

None.