

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Wednesday 13 June 2012

Time: 6.00 p.m.

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

Present: Councillors: C Latif (Chair), J Gardner (Vice Chair)
D Cullen, M McKay and M Yarnold-Forrester.
Independent: B Mitchell

Also Present: Nick Taylor (Grant Thornton)
Helen Maneuf (Shared Internal Audit Services)

Started: 6.00 p.m.

Ended: 7.25 p.m.

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

An apology for absence was received from Councillor R Parker CC.

There were no declarations of interest.

2. TERMS OF REFERENCE

It was **RESOLVED** that the Terms of Reference be noted.

3. MINUTES – AUDIT COMMITTEE – 28 MARCH 2012

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 28 March 2012 be approved as a correct record and signed by the Chair.

4. ANNUAL GOVERNANCE STATEMENT 2011/2012

The Committee had before it the Council's Annual Governance Statement for 2011/2012.

The Committee was advised that following the reintegration of Stevenage Homes Limited from 1 December 2011 the Housing Service would be subject to the governance arrangements of the Council.

In reply to a question concerning governance arrangements for shared services the Committee was advised that the Revenues and Benefits service had been reviewed by both internal and external auditors. In addition each shared service was overseen by a board comprising of

service directors from each partner organisation and that this board would form part of the scrutiny process for that service.

In reply to a further question it was confirmed that the Corporate Governance Group addressed each of the six key principles of the CIPFA/SOLACE Framework at its bi-monthly meetings.

Members asked a number of detailed questions concerning the content of the Annual Governance Statement which were answered by the Officer.

It was confirmed that progress against the Governance Action Plan would be reported in the Annual Governance Statement for 2012 / 2013.

It was **RESOLVED** that the Annual Governance Statement 2011/2012 be recommended for approval by the Statement of Accounts Committee as it forms part of the Council's Statement of Accounts.

5. GRANT THORNTONS ACCOUNTS AUDT APPROACH MEMORANDUM

The Committee had before it a report which detailed the audit approach carried out by the Council's External Auditors Grant Thornton in connection with the Audit Plan 2011/2012.

The Committee was advised that no major issues had come to light during the interim audit work carried out to date by Grant Thornton.

It was **RESOLVED** that the report be noted.

6. SHARED INTERNAL AUDIT SERVICES (SIAS) ANNUAL REPORT

The Head of Assurance (SIAS) presented a report which gave an overview of the work of the Shared Internal Audit Service for the year 2011/2012.

The Committee was advised that part of the governance of SIAS was undertaken by a board comprised of the Chief Financial Officers of its partner organisations.

The Committee was further advised that as it had been a transitional year it had been difficult to formulate targets with which to measure the performance of the organisation.

The Committee commented positively on the acceleration and improvement of work from SIAS as the year progressed.

It was **RESOLVED** that the report be noted.

7. SHARED INTERNAL AUDIT SERVICE (SIAS) ANNUAL ASSURANCE REPORT AND INTERNAL AUDIT ANNUAL REPORT

The Head of Assurance (SIAS) presented a report to communicate Internal Audit's opinion on the overall adequacy and effectiveness of the Council's control environment.

The Committee was advised that a level of 'Substantial Assurance' had been assigned to the Council's Financial Systems, with an assurance level of 'Moderate' being assigned to the Council's Non-Financial Systems. The Committee's attention was drawn to the sections of the report that substantiated those grades.

In reply to a question the Head of Assurance (SIAS) undertook to feedback progress on recommendations from the 2011 / 2012 Audit Plan to the Committee on a quarterly basis.

In response to a request the Head of Assurance (SIAS) undertook to provide comparative data for all work undertaken by SIAS.

It was **RESOLVED** that the report be noted.

8. PKF INTERNAL AUDIT REPORT AND ANNUAL ASSURANCE STATEMENT

The Assistant Director (Finance) presented a report detailing the work of PKF (UK) LLP Internal Audit who had undertaken the audit work for Stevenage Homes Ltd.

The Committee was advised that the audit had resulted in two high priority recommendations that would be followed up with the Housing Improvement Performance Manager with feedback made available to the Audit Committee as appropriate.

In reply to a question concerning the ability of the Housing Service to continue to deliver services effectively as a result of the restructuring process, the Assistant Director (Finance) undertook to determine the situation and feedback to the Committee accordingly.

In reply to a further question concerning the follow-up procedures for Medium and Low priority recommendations the Committee was advised that it was not the practice to report back to the Committee unless there was a specific request to do so. In this case the Committee made such a request and the Assistant Director (Finance) undertook to report back on the medium and low priority recommendations as detailed in the report.

It was **RESOLVED** that the report be noted.

9. URGENT PART 1 BUSINESS.

9a – SHARED INTERNAL AUDIT SERVICES (SIAS) INTERNAL AUDIT PROGRESS REPORT

This report had not been circulated to Members 5 clear days before the meeting, nor had it been available for public inspection for this time. The Chair determined however that given the reason for urgency set out in the report it be considered on this occasion.

The Head of Assurance (SIAS) presented a report to advise the Committee of progress against the Internal Audit plan as at 31 May 2012.

In response to a request the Head of Assurance (SIAS) undertook to amend the performance indicator table, as set out at paragraph 2.10 in the report, to reflect the actual state of progress together with qualifying statements as appropriate, in subsequent reports to the Committee.

It was **RESOLVED** that the report be noted.

10. 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 item of business on the grounds that it involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the Act, as amended by SI 2006 No.88.

2. That having considered the reasons for the following report being in Part II it be determined that maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

PART II

11. STRATEGIC RISK REGISTER QUARTER 4 2011 / 2012

The Performance and Improvement Manager presented the Quarter 4 Strategic Risk Register.

The Committee was advised of changes made to the register since the last meeting.

The Committee extended its thanks to the Performance and Improvement Manager for the clarity of the report.

It was **RESOLVED** that the report be noted.

12. URGENT PART II BUSINESS

None.

Chair