

## **Corporate Governance and Audit Committee**

**Wednesday, 15th June, 2011**

**PRESENT:** Councillor G Driver in the Chair  
Councillors P Grahame, N Taggart,  
C Campbell, G Kirkland, J Elliott, W Hyde,  
T Hanley, C Fox and G Hussain

**Co-optee** G Tollefson

Apologies Councillors A Lowe

### **1 Appeals Against Refusal of Inspection of Documents**

There were no appeals against the refusal of inspection of documents.

### **2 Exempt Information - Possible Exclusion of the Press and Public**

There were no resolutions to exclude the public.

### **3 Late Items**

There were no late items submitted to the agenda for consideration.

### **4 Declaration of Interests**

Councillors Campbell and Driver declared a personal interest in Agenda item 11 (Minute 11. refers) as Members of Plans Panel.

### **5 Apologies For Absence**

Apologies for absence were received from Councillor Lowe.

### **6 Minutes Of The Previous Meeting**

The minutes of the Corporate Governance and Audit Committee meeting held on 18<sup>th</sup> April 2011 were approved as a correct record.

### **7 Future of Local Public Audit; Consultation Response**

The Chief Officer (Audit and Risk) presented a report of the Director of Resources which informed the Committee on some fundamental changes Communities and Local Government (CLG) are consulting on in relation to the

local public audit regime. The paper allowed Members the opportunity to shape and influence the Council's response to the consultation exercise.

The Committee discussed the report in detail. Initially Members considered the merits of an annual Council report on the key business activities and targeted at the public.

The consultation document proposes that with the abolition of the Audit Commission, Council's will appoint their own external auditors. In order for them to do so, CLG suggest that Councils' audit committee should be made up of a majority of independent members (i.e. not councillors) to help ensure the independence of the external auditors. Members felt that the Committee was already independent as it operated as a separate body to the Executive Board and that, as democratically elected representatives, they were the appropriate body to recommend the appointment of external auditors to Council. Furthermore comparisons were made with the private sector and that they do not use independent members but non-executive Directors.

Members also considered the extent to which the size of the Council might limit the number of audit firms with the capacity, experience and skills to tender for this work and the scope that there may be for encouraging other firms to be able to tender for such work. The Chief Officer (Audit and Risk) indicated that there was a reasonable likelihood of elements of the Audit Commission's operation becoming a 'Mutual' organisation which might be capable of tendering for this scale of work.

The scope of audit work was also considered, Members concluded that that the current scope of the audit should be extended to include an audit of the proposed annual report, should there be a new requirement to produce such a report.

In discussion Members also confirmed that the Council would not wish to take on the function of appointing auditors or independent examiners to smaller bodies (such as town councils or large parish councils) within the Council's boundary.

**RESOLVED** – The Committee resolved to:

- agree the consultation response subject to the additional comments made by the Committee; and
- request further updates on this matter.

(Councillor Taggart entered the meeting at 2.10pm during the discussion of this item)

## **8 Risk Management and the Budget Process**

The Principal Risk Manager presented a report of the Director of Resources the report provided an assessment on the robustness of the 2011/12 budget risk assessments included in the Director of Resources' report, 'Revenue Budget and Council Tax 2011/12' presented to Executive Board on 11 February 2011.

Members discussed the report in light of the current financial climate. Members raised the importance of risks being flagged up to the Council in a timely manner giving opportunity for Members to react and noted that budget monitoring reports that include a projection of spend to the year end, are received by Executive Board on a monthly basis, rather than quarterly as was previously the case. Members questioned officers in relation to the financial reporting process and received confirmation that budget holders are required to review budget spend on a monthly basis and provide a projection for the year and that appropriate action is taken if this is not completed.

**RESOLVED** – The Committee Resolved to note the contents of the report.

## **9 The accurate recognition of assets on the Council's balance sheet**

The Principal Finance Manager presented a report of the Director of Resources which detailed the new procedures which will minimise the risk that sold or demolished assets will still be recognised on the Council's Balance Sheet.

Members discussed the report and questioned officers on how the valuations of Council owned property was calculated. In particular highways infrastructure assets, and their subsequent depreciation, were considered.

**RESOLVED** – The Committee Resolved to note the improvements in the process for minimising the risk that sold or demolished assets are recognised on the Council's Balance Sheet.

## **10 Annual Internal Audit Report**

The Head of Internal Audit presented a report of the Director of Resources which provided the annual audit opinion on the internal control environment. The opinion is that 'the internal control environment, including key financial systems, is well established and continues to operate well in practice. At the time of writing, there are no outstanding significant issues arising from the work undertaken by internal audit. However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.'

Members discussed the report. Concerns were raised about the monitoring of financial arrangements of partnerships particularly those of adult social care.

Members also reviewed the reporting process for when an audit report results in no or limited assurance being provided by Internal Audit and noted the escalation process, including reporting to the Corporate Governance and Audit Committee.

**RESOLVED** – The Committee Resolved to:

- note the assurance given in the Annual Internal Audit report; and
- approve the Internal Audit Operational Plan;

## **11 Planning Decisions Process**

The Head of Planning Services presented a report of the Chief Planning Officer. The report provided assurance on the process by which planning decisions are taken at the Council.

Members discussed the report in detail, noting that there had been less complaints received in relation to planning decisions but an increase in the number of complaints being referred to the Ombudsman.

As part of this consideration Members had regard to correspondence received from a member of the public and an elected member. The Head of Planning Services addressed all the points made in the correspondence to the satisfaction of Members.

**RESOLVED** – The Committee Resolved to:

- note the contents of the report and the assurance that it provides in terms of the methodology used in taking planning decisions at the Council; and
- receive a report on planning decision making on an annual basis.

## **12 Standards Committee - Annual Report 2010/11**

The Head of Governance Services and The Chair of the Standards Committee presented a report of the Director of Resources the report informed the Committee of the Standards Committee Annual Report 2010/11.

**RESOLVED** – The Committee Resolved to note the Standards Committee Annual Report 2010/11.

### **13 Annual report on Community engagement**

The Assistant Chief Executive (Policy, Planning and Improvement) presented a report informing the Committee of the Council's ability to support residents' involvement in decision making and the development of services.

Members discussed the report and questioned officers on how topics were selected.

Members considered that the concept of community engagement was good and discussed the positive roles that 'Facebook' and 'Twitter' could play in engaging the community and that the Council should utilise these mediums.

The recruitment process of the citizens panel was also discussed by Members.

**RESOLVED** – The Committee Resolved to:

- (a) note that while the Council's engagement arrangements meet the relevant elements of the Code of Corporate Governance, there remained scope for the consistency and co-ordination of community engagement to be improved;
- (b) recommend that the Code of Corporate governance section 6 should be revised to include criteria that address compliance and quality of engagement work;
- (c) note the planned improvements to the way we manage community engagement; and
- (d) receive regular updates on improvement throughout 2011/12.

### **14 Work Programme**

The Director of Resources submitted a report notifying Members of the draft work programme.

The Committee reviewed its forthcoming work programme.

**RESOLVED** – The Committee Resolved to note the draft work programme.