

Audit Committee



Date	Thursday, 27 January 2011
Venue	Town Hall, St. Annes
Committee members	Councillor John Singleton (Chairman) Councillor Linda Nulty (Vice-Chairman) Councillors Ben Aitken, Paul Rigby, Christine Akeroyd, Keith Hyde, Janine Owen, Elizabeth Oades, Louis Rigby
Other Councillors	None
Officers	Joanna Scott, Ian Curtis, Savile Sykes, Andrew Wilsdon, Paul Rogers
Other Attendees	Iain Leviston (KPMG)

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000. No members declared any interests.

2. Confirmation of Minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 8 December 2010 as a correct record for signature by the chairman.

3. Substitute members

There were no substitutions.

4. International Financial Reporting Standards (IFRS) Project Progress Update

Joanna Scott (Section 151 Officer) presented a report which briefed the Audit Committee on the project progress made to the end of December 2010 in relation to the introduction of a new financial reporting framework, whereby the accounts for local authorities would be prepared under International Financial Reporting Standards (IFRS), with effect from 2010/11 (1/4/2010).

The majority of the preparatory IFRS work had now been completed. Final detailed guidance from CIPFA was finalised in late December 2010. This had now been received but not in time to inform Members in the report. The completion of the final parts of the project was dependant upon the receipt of this information. She emphasised that all Councils had received the information at this time.

She referred to paragraph 2.3 and informed the Committee that training would be carried out jointly with KPMG probably in April 2011.

She emphasised that the work the implementation of the IFRS was on track despite the challenging nature of the work. The IFRS changes would also create more work for finance because of the detailed way of setting out the accounts.

Councillor Nulty referred to point 5.3 in Appendix A and requested clarification. Mrs Scott stated that the vehicles can be either leased or purchased. Currently it was cheaper to borrow the money to purchase them. When to borrow is in the delegations of the S151 Officer and would make the necessary approved borrowing decisions, based on treasury advisors advice when required over the coming months.

Councillor Owen asked for clarification on point 4 in Appendix A regarding leave outstanding until 31 March. Mrs Scott stated that leave was an employee benefit and by definition in accountancy terms and in line with IFRS requirements had to be detailed in the accounts. She emphasised that the issue was a paper/technical accounting exercise only and had no effect on the accounts.

The Chairman, referred to the target timescales in Table 1 on page 26 of the report some of which had slipped. Mrs Scott stated that some had slipped but that they were still on target for completion.

It was RESOLVED that the Audit Committee notes the progress on the implementation of the IFRS project and the report for the next meeting to include completion dates for the project tasks as shown in table 1.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by show of hands rather than taking a recorded vote on it)

5. Strategic Risk 2010-2011

Andrew Wilsdon, Insurance & Risk Management Officer, presented a report which summarised the work undertaken in completing the Strategic Risk Actions contained in the 2010-2011 Risk Register. He referred to the action relating to the ICT infrastructure in the table on page 9 of the report and informed members that Lancashire County Council (LCC) was currently in talks with British Telecom regarding ICT so discussion with LCC on the issue had ceased until those talks had been completed. The officers were investigating alternatives with other partners on the ICT issue should the outcome of talks with LCC prove to be not viable. With regard to Capacity Issues and shared services opportunities in the table, Preston City Council and LCC were both being considered as partners.

It was RESOLVED that the progress made on completing the Strategic Risk Actions for 2010-2011 be noted.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by show of hands rather than taking a recorded vote on it)

6. Internal Audit Interim Report

Savile Sykes (Head of Internal Audit) presented the report which summarised the work undertaken by internal audit from April to December 2010 and performance information for the same period.

Councillor Owen referred to Performance Indicator Results in Table 6 and requested clarification regarding indicator IA7 concerning prompt implementation of agreed actions

and the comments about the use of the performance management system referred to in paragraph 6.2.

Mr Sykes stated the issue was that some users were not routinely updating actions on the system as they were completed. He could not report on this indicator as there was no available data but would retain it in the report for the next meeting.

Councillor Rigby requested the reasons why the Development Control Audit was a time consuming task. Mr Sykes stated that there were numerous issues many of which were complex which took time to evaluate. A detailed action plan and now been agreed. He commented on an issue regarding the payment of money through the planning portal. The amounts of money paid could not be linked to specific applications. However, the issue was part of the action plan and had been partly addressed. It would be revisited at follow up to establish whether it had been finally resolved.

Councillor Oades asked why the asset management review had extended 12 days over the plan. Mr Sykes informed Members that the area was unfamiliar to the team and it needed to be extensively researched which was the main reason. Another problem was that management had asked that the work be postponed to allow staff involved to concentrate on other work which had priority. When the audit team resumed the asset management work in September, circumstances had changed so work had to start again.

Councillor Nulty requested that the outcomes of the sandwinning review be explained. Mr Sykes informed the Committee that there were two high priorities in relation to the issue. Firstly the formal agreement had expired. Management had scheduled meetings with the contractor and LCC with the broad intention of continuing with the present arrangements. Also the operator's insurance certificates had to be obtained by the responsible manager. These had been requested.

Mr Sykes also commented on other high priority actions agreed that had been completed. One of these related to the production of mandatory certificates for Houses in Multiple Occupation.

Councillor Oades asked the reason why Reactive Work was 6 days over the plan. Mr Sykes stated that managers and other stakeholders request his team to carry out numerous unplanned tasks for which contingency time is allowed in the plan, but this can be exceeded. He referred to the report which indicated some examples of the project, consultancy and advice work undertaken.

After further discussion it was RESOLVED that

- (i) managers provide Internal Audit with timely information, in particular concerning the completion of agreed actions;
- (ii) the Action Plan for Development Control be circulated to all Audit Committee Members;
- (iii) training be provided to all Audit Committee members regarding intranet use, especially for viewing all non conformance with agreed actions and measures/target dates for resolution;
- (iv) Management Team be reminded that audit reviews within the audit plan must be undertaken at the times and dates agreed and that very good reasons must be given to the Audit Committee where this is not the case, in particular where audits are to be postponed;
- (v) High priority risks identified should have revised completion dates where completion dates have been missed.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by show of hands rather than taking a recorded vote on it)

7. Corporate Governance Improvement Plan

Ian Curtis (Head of Governance and Monitoring Officer) presented an interim report regarding the Annual Governance Statement and monitoring the progress in fulfilling the Corporate Governance Improvement Plan. He drew Members' attention to Action 6 relating to AGS 4 in the Improvement Plan attached to the report and stated that the words 'In progress and on target' should replace the action in the report. Also that the word 'scheduled' in the last sentence in the comment relating to AGS 6 be replaced by the word 'delivered'.

Councillor Owen asked why the Data Protection Policy review would not be completed until December 2011. Mr Curtis explained that the need for the policy to be reviewed had to be balanced with other pressing work.

The Chairman referred to AGS 5 regarding Information governance arrangements and the intended completion date of January 2010. Mr Curtis stated that the plan was in the draft stage and the overall action was still in progress and on target. With regard to a question by the Chairman on AGS 6, procurement arrangements, Mr Curtis informed Members that the single procurement route had been adopted and had mostly been achieved.

It was RESOLVED that the Committee notes the latest position with regard to each of the issues included on the Annual Governance Statement and monitoring the progress in fulfilling the Corporate Governance Improvement Plan and an updated report be submitted to the March meeting.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by show of hands rather than taking a recorded vote on it)
