



Minutes

Audit Committee

Date:	Thursday, 26 June 2014
Venue:	Town Hall, St Annes
Committee members:	Councillor John Singleton JP (Chairman) Councillors Christine Akeroyd, Leonard Davies, Ken Hopwood, Linda Nulty, Louis Rigby and Richard Redcliffe
Officers:	Ian Curtis, Paul Swindells, Savile Sykes, Andrew Wilsdon and Katharine McDonnell

1. Declarations of interest

Members were reminded that any disclosable pecuniary interests should be declared as required by the Localism Act 2011 and any personal or prejudicial interests should be declared as required by the Council's Code of Conduct for Members. There were none on this occasion.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 20 March 2014 as a correct record for signature by the Chairman.

3. Substitute members

The following substitution was reported under Council procedure rule 23(c):

Councillor Richard Redcliffe for Councillor Ben Aitken.

4. Planning Code

Ian Curtis (Head of Governance) presented a revised member/officer protocol for planning. He explained that the revisions took into account changes made by the Localism Act 2011, revisions to the Ethical Framework and good practice recommendations from the Peer Planning Review.

Mr Curtis advised that the proposed revised protocol had previously been before the committee for consideration in April 2013, but had been deferred to allow it to be considered by the Development Management Committee. He advised the revised code provided clearer advice on the duties of members and officers, and introduced a 'pause for thought' to allow Development Management committee members to take advice before making a decision contrary to officer recommendation.

Some members of the committee expressed concern regarding the level of compliance with the code. The Chairman suggested that in recommending the code to Council, the committee could stress the importance of adhering to the code.

It was RESOLVED that

- (1) the revised Planning Code be recommended to Council for approval; and
- (2) the committee asks Council to stress to political groups and individual councillors the importance of adherence with the code in maintaining public confidence in the council.

5. Regulation of Investigatory Powers Act 2000: Authorisations

Ian Curtis (Head of Governance) presented the quarterly report on the Regulation of Investigatory Powers Act 2000: Authorisations. It was noted that for the quarter to March-June 2014, there were no authorised operations.

It was RESOLVED that the Committee note the information in the report.

6. Annual Governance Statement

Ian Curtis (Head of Governance) presented the Annual Governance Statement. He explained that preparation and publication of an annual governance statement was necessary to comply with Regulation 4(3) of the Accounts and Audit Regulations Act 2011, forming part of the Annual Statement of Accounts. He further advised that the Council had adopted a code of corporate governance which was consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) 'Delivering Good Governance' Framework, which was before the committee for information.

Mr Curtis explained that the Corporate Governance Group, having met to review the effectiveness of the Council's governance framework, had identified four areas of action for the forthcoming year. These four actions would be translated into an action plan and presented to a future meeting of the Audit Committee.

It was RESOLVED

- (1) To approve the Annual Governance Statement for signature by the Leader of the Council and the Chief Executive, subject to the two minor amendments in regards to the actions identified for 2014/15, and that the word 'refresh' be deleted from actions (1) and (2) and replaced with the word 'review'; and
- (2) That a report providing an overview of the effectiveness, and compliance with, the protocol for members on outside bodies, be brought to a future meeting of the Audit Committee.

7. Effectiveness of the Audit Committee

Savile Sykes (Head of Internal Audit) presented a report of the findings of a self-assessment exercise conducted by the Chairman and Vice Chairman, alongside the Head of Internal Audit, regarding the effectiveness of the Audit Committee.

The self-assessment compared the current arrangements and practices of the Audit Committee to the advice for exemplar arrangements published by Chartered Institute of Public Finance and Accountancy (CIPFA).

Mr Sykes reported two minor divergences from the standard, these were in regards to some committee members being Chair/Vice Chair of other committees which could compromised their

independence. However he advised that having observed the work of members in Audit committee there was no evidence to suggest conflict of interest or fettering of their independence.

It was RESOLVED to agree the findings of the self-assessment.

8. Internal Audit Annual Report 2013-2014

Savile Sykes (Head of Internal Audit) introduced the Internal Audit Annual Report 2013/2014. In a comprehensive summary Savile explained the purpose of the report, the context and the internal audit opinion.

He advised that reliance could be placed on the Council's control environment, particularly in terms of the fundamental financial systems. However he further explained that the work of internal audit had identified 11 high priority findings, with improvements agreed to ICT disaster recovery and business continuity required to enhance the effectiveness of governance, risk management and internal control.

Mr Sykes referred the committee to the average and main system assurance scores, advising that the main financial systems were demonstrating sound systems of control for 2013/14. He also referred the committee to the identified 11 high priority findings, advising that four of the risks had already been addressed, the remaining seven actions had not yet reached their agreed dates for completion.

Mr Sykes drew the committee's attention to the overall implementation and high/medium implementation rates for agreed internal audit recommendations. He advised these had slipped back slightly from last year's figures.

Following discussion the committee RESOLVED

- (1) To approve the annual report of the Head of Internal Audit;
- (2) To confirm the report provided suitable assurance regarding the Council's control environment in terms of the overall adequacy and effectiveness of the controls and processes in place to achieve the objectives of the Council;
- (3) To strongly encourage the Chief Executive and senior management to take appropriate steps to see the prompt implementation of all actions agreed by management arising from audit work; and
- (4) To request that the Chief Executive, in his next staff communication, remind staff that the target for implementation of High/Medium corrective actions, agreed by the Audit Committee, is 95%.

9. Risk Management Annual Report

Andrew Wilsdon (Risk and Emergency Planning Officer) presented the Risk Management Annual Report. He explained that the report provided a summary of the 2013/14 Risk Register Action Plans and presented the Risk Register Action Plans for 2014/15.

Mr Wilsdon summarised the outstanding actions from the 2013/14 Risk Action Plans providing explanations for the non-compliance. He also explained that a minor amendment had been made to the Strategic Risk Management Group's terms of reference. He advised this was to reflect the group's new responsibilities in monitoring the Council's Emergency, Business Continuity and Disaster Recovery Plans along with Information Security/Risk and Data Protection.

In referring the committee to the Risk Management Action Plans for 2014/15, Mr Wilsdon advised that due to a number of decisions made in recent weeks and new data from the Office for National

Statistics, Risk Management Action Plan 2 regarding the Local Plan required substantial rewriting. He further advised that the revised Action Plan would be presented to a future meeting of the committee for their approval.

Following discussion it was RESOLVED

- (1) To note the year-end report and progress on the 2013/14 Risk Action Plans;
- (2) To approve the Strategic Risk Register 2014/15; and
- (3) To approve the amended Strategic Risk Management Strategy

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