

Audit Committee



Date:	Thursday, 22 September 2011
Venue:	Town Hall, St. Annes
Committee members:	Councillor John Singleton JP (Chairman) Councillor Brenda Ackers (Vice-Chairman) Councillors Ben Aitken, Christine Akeroyd, Leonard Davies, Kath Harper, Linda Nulty, Louis Rigby
Other Councillors:	None
Officers:	Joanna Scott, Ian Curtis, Paul O'Donoghue, Gary Sams, Savile Sykes, Andrew Wilsdon, Lyndsey Lacey
Other Attendees:	Iain Leviston and Trevor Rees - 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 declarations were declared.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 23 June 2011 as a correct record for signature by the Chairman.

3. Substitute members

There were no substitutions.

4. International Financial Reporting Standards (IFRS) Project Completion Report

Joanna Scott (Section 151 Officer) presented an updated report on the completion of the International Financial Reporting Standards (IFRS) project.

In brief, members were advised that the project had been completed by 30 June 2011 in line with the statutory deadlines and within the approved budget provision. Reference was also made to the on-going requirements of IFRS and potential project risks.

An updated IFRS Implementation Plan which detailed all tasks completed was circulated with the agenda.

Following consideration of this matter it was RESOLVED:

1. To note the completion of the implementation of the IFRS project.
2. To convey the Committee's thanks and appreciation to the finance team for all their efforts in completing the project within the requisite timescale.

(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. Annual Statement of Accounts 2010/11

Joanna Scott (Section 151 Officer) and Paul O'Donoghue (Deputy Section 151 Officer) presented a report on the Annual Statement of Accounts for the year ending 31 March 2011.

Mr O'Donoghue made reference to the Council's statutory obligations in preparing the financial statements of the Authority and the associated Code of Practice. He highlighted a small presentational adjustment that had been made to Section 36 of the accounts (Related Party Transactions) whereby the membership of new Fylde Housing had been reduced from 4 members to 1. He added that the requisite signed copy of the accounts had been amended accordingly.

A copy of the Statement of Accounts was circulated with the agenda.

Various members of the Committee asked for clarification on a number of areas detailed in the accounts. These were addressed by Mrs Scott and Mr O'Donoghue.

After detailed consideration of this matter the committee RESOLVED:

1. To approve the Statement of Accounts for 2010/11 and that they be submitted to Full Council accordingly.
2. To thank the officers for the presentation of the final accounts in a timely manner.

(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. Report of those charged with Governance (ISA 260) 2010/11

Trevor Rees and Iain Leviston of KPMG attended the meeting and presented an overview of their report on key issues identified during the audit of the Council's financial statements for the year ended 31 March 2011. It included their assessment of the Council's arrangements to secure value for money (VFM) in its use of resources.

Mr Leviston indicated that they had not identified any issues in the course of the audit that were considered to be material and acknowledged that there had been an improvement in the quality of accounts and the supporting paperwork. Their audit had identified only a small number of presentational and disclosure adjustments. In terms of their recommendations (included as an appendix to the document) these related to the reporting arrangements for NNDR and Council Tax and the implementation of a robust control process for the revaluation of investment assets.

Members were advised that the report concluded that the authority had made proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

Following detailed discussion it was RESOLVED:

1. To thank Mr Rees and Mr Leviston for the timely production of the report and their attendance at the meeting.
2. To note the work undertaken by the Council over the course of the last year resulting in an extremely positive audit opinion of the Council's effectiveness.
3. To thank all the relevant staff for their contribution to the work.
4. To present an updated report to the January meeting of the committee on the implementation of the recommendations outlined in the KPMG report.

(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. Constitution

Further to the last meeting of the committee and the subsequent Council meeting and in accordance with Article 14 of the Council's Constitution, Ian Curtis (Head of Governance) presented a report detailing further proposed changes to be incorporated in the Constitution.

The report set out the proposed changes and invited the committee to recommend to Council that it formally re-adopts the constitution subject to those changes.

In summary, the proposed changes related to:

- Proposed additions the powers delegated to the Director of Strategic Development Services in relation to Section 106 planning obligations
- The inclusion of additional words relating to financial regulation 18.7
- Proposed changes to the delegated powers of the Chief Finance Officer

It was RESOLVED to recommend that Council agree the changes to the Constitution as set out in the report.

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

8. Regulation of Investigatory Powers Act 2000: Authorisations

Ian Curtis (Head of Governance) presented a report on the above. He explained that councillors are obliged to review the use of covert surveillance and covert human intelligence sources by the council at least quarterly.

Mr Curtis provided an overview of the RIPA framework and advised that in the quarter to June 2011, there were no authorised operations. In the quarter to September 2011, there had been one authorised operation relating to benefit fraud.

The Committee RESOLVED to note the report.

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

9. Corporate Governance Improvement Plan 2011-12

Further to the request of the Committee at its last meeting, Ian Curtis (Head of Governance) presented a progress report on the 2011/12 Corporate Governance Improvement Plan and details of any outstanding actions from the 2010/11 Improvement Plan.

In summary, any outstanding actions arising from the 2010 plan had been brought forward to the 2011/12 Improvement Plan and a copy of the plan (which included 8 actions) was included as an appendix to the report. Mr Curtis briefed the committee on the current status and target dates of each of the actions detailed.

The Committee RESOLVED:

1. To note that the outstanding actions (marked with an asterisk on the appendix) from the 2010/11 Corporate Governance Improvement Plan had been carried forward to the 2011/12 Improvement Plan and that all other remaining actions for that period had been fully implemented.
2. To note the latest position with regard to each of the issues included on the Corporate Governance Improvement Plan 2011/12.
3. To present an an updated report to the January meeting of the committee on any outstanding actions.

(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)

10. Internal Audit Annual Report 2010-11

This report was a duplicate from the June meeting of the committee and was included on the agenda in error, It was withdrawn accordingly.

11. High Priority Actions 2010-11(update)

By way of introduction, Savile Sykes (Head of Internal Audit) made reference to the request of the committee at its last meeting for an updated report on high priority issues reported in the Internal Audit Annual Report 2010/11.

The report included details (in tabular form) of the twelve high priority actions agreed by management during 2010/11. It showed the previous implementation status together with an overview of the current implementation status and the associated completion dates for the two remaining outstanding actions (9 and 11).

Mr Sykes reported that with regard to action 9, the completion date had been extended to the end of September. In terms of the status of action 11, Mr Sykes explained that management had decided that the originally agreed wording was too prescriptive and as a result, had agreed revised wording for that action. The implementation date was the end of October. This was set out in the report.

Following consideration of this matter it was RESLOVED to note the latest position with regard to each of the high priority actions agreed by management arising from internal audit work in 2010/11.

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

12. Risk Management Interim Report

Further to the request of the committee at its last meeting, Andrew Wilsdon (Insurance and Risk Management Officer) presented the following information to members of the committee:

- An updated Strategic Risk Management Strategy incorporating the recommendations made in the Internal Audit Review of Risk Management.
- A reformatted copy of the Strategic Risk Register 2011/2012, updated with actions completed prior to the 31/08/2011
- An update on Action no. 1 of Risk Action Plan 3 FBC Solutions Ltd.

Following discussion the Committee RESOLVED:

1. To approve the Strategic Risk Management Strategy (amended Sept 2011).
2. To approve the Strategic Risk Register for 2010/11 in its reformatted style.
3. To note the update on Action no 1 of Risk Action Plan 3 and that a further updated report be presented to the January meeting of the committee.

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

13. Sandwinning Operations

Further to the request of the committee at its last meeting, Mr Gary Sams (Principal Estates Surveyor) presented a report on issues arising from the audit of the sandwinning operations.

In summary, the issues highlighted related to the independent verification of weighbridge readings, insurance, review of payment rates and the authorisation of invoices. Details with respect to this matter were set out in the report.

Following consideration of this matter the committee RESOLVED:

1. To note the Action Plan produced as a result of the audit of sandwinning and the measures now in place to mitigate the risks to the Council.
2. To request that the possible removal of sand without payment to the Council is investigated further, and the results reported back to the Committee in January.

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

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