

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
Havering Town Hall
21 June 2011 (7.30pm – 8.10pm)**

Present:

COUNCILLORS:

Conservative Group Osman Dervish (Vice-Chairman) (in the Chair), Roger Ramsey, *Billy Taylor and Frederick Thompson

Residents' Group Clarence Barrett

Labour Group: #Denis O'Flynn.

Apologies for absence were received from Councillors *Georgina Galpin (substitute Councillor Billy Taylor) and #Paul McGeary (substitute Councillor Denis O'Flynn).

All decisions were taken unanimously with no votes against unless shown otherwise.

The Chairman advised the Committee of action to be taken in the event of emergency evacuation of the Town Hall becoming necessary.

Councillor Thompson declared a non prejudicial interest in item 9 as he was a governor of Broadford Primary School.

1. MINUTES

The minutes of the meeting held on 15 May 2011 were agreed as a correct record and signed by the Chairman.

2. MATTERS ARISING FROM THE MINUTES

Officers advised the Committee that the letter to the Secretary of State for Communities and Local Government was with the Group Director, Finance and Commerce for signing. Copies of the letter would be circulated to members of this Committee and the Governance Committee for information.

3. UPDATE ON OBJECTION TO ACCOUNTS ACTION PLAN

Consideration of this report was postponed until the next meeting, although an assurance was given by officers that regular reports would be submitted to the Committee until the matter was resolved.

4. PRIVATE SECTOR LEASED ACCOMMODATION

Consideration of this report was postponed until the next meeting, although an assurance was given by officers that regular reports would be submitted to the Committee until the matter was resolved.

Councillor Ramsey advised the Committee that the matter was also under review by the Debt Management Board who were scrutinising the situation.

5. STATEMENT OF ACCOUNTS 2010/11 - UPDATE

The Committee was reminded that the Council's Statement of Accounts must be approved and signed by the Group Director, Finance and Commerce no later than 30 June 2011.

For the first time the accounts were based upon International Financial Reporting Standards (IFRS). Since the last meeting discussions had been held with the external auditors following which a further change had been agreed to comply with the code. As a consequence, the Council's accounts had been amended in order to remove the net assets of Foundation and Voluntary-aided Schools and to restate the relevant revenue transactions.

The Committee:

1. **Approved** the Statement of Accounts for signing by the Group Director, Finance and Commerce,
2. **Noted** that a copy of the accounts would be circulated to members once signed;
3. **Noted** that the accounts will need to be considered and approved by the Committee no later than 30th September 2011,
4. **Noted** that the accounts must be published no later than 30th September 2011, and
5. **Noted** that specific training on the format of the new accounts will be delivered to the Committee prior to the next meeting.

6. EXTERNAL AUDIT PROGRESS REPORT

Consideration of this item was postponed as the External Auditors had advised officers that there were no matters to report.

7. INTERNAL AUDIT PROGRESS REPORT

The Chairman agreed, pursuant to section 100B(4) of the Local Government Act 1972, that the Committee should consider the following as an urgent matter, in order to not delay the Committee's consideration of the work completed to finalise the 2010/11 Internal Audit Plan. .

Officers advised the Committee that by the end of May the Internal Audit Plan for 2010/11 had been completed. Five audits had been completed all of which received unqualified opinions. In response to questions officers informed the

Committee that their concerns related to the time lag between planning permission being granted and a section 106 agreement being completed and a project being undertaken, as the council's priorities might change during this period. The introduction of the Community Infrastructure Levy should resolve this issue.

In the same period 15 school audits had been completed. One of which had attracted a Limited opinion. A number of questions were raised concerning the school with a Limited assurance. Officers were able to assure the Committee that the school would be subject to an Annual Health Check by Social Care & Learning to check that the recommendations were being implemented.

The report was **noted**.

8. ANNUAL AUDIT REPORT

Officers submitted the Annual Report for approval. This provided a summary of the work undertaken by the Internal Audit Team during 2010/11, as well as communicating key messages, and gave an overall opinion on the system of internal control from the Internal Audit & Corporate Risk Manager. The annual report covered a number of key issues, including:

- Project Management
- Contracts and Supply Chain Resilience
- Information Governance
- Access to Systems and Data
- Management Information
- Resource Pressures and Loss of Knowledge and Experience

The report was **noted**.

9. ANNUAL GOVERNANCE STATEMENT

Last December the Committee had received a report on the Council's Corporate Governance arrangements and the work of the officer Governance Group during the year. Since that meeting the following actions had been taken:

- a. Heads of Service had provided signed "mini" governance returns confirming that appropriate governance arrangements were in place across all services of the Council.
- b. Members of management teams had reviewed these returns and then submitted a return for their portfolios, having regard to the overall position.
- c. These returns had been reviewed to ensure that all relevant issues had been identified and included in the draft Annual Governance Statement (AGS)..
- d. The results of the 2010/11 audit work had been formally reviewed as part of the production of the Annual Audit Report and Head of Internal Audit Opinion to identify any additional potential issues for inclusion in the AGS.

- e. An evidence file had been produced documenting the process and evidencing the assurances received.
- f. The Officer Governance Group had discussed the outcome of the above end of year actions and agreed the outcomes.
- g. Senior Management had commented on the final version.

Of the four issues highlighted in the 2009/10 AGS, two, relating to Homes in Havering and Disaster Recovery, had been fully addressed at the end of March 2011. The remaining issues - Data Quality and Management Information and Information Governance, were areas with wide reaching implications and although significant progress had been made in each area it was felt that the issues remained open.

Two new issues relating to Project Management and Contracts and Supply Chain Resilience had been included for 2010/11.

The Committee approved the final version of the 2010/11 Annual Governance Statement as attached to the report.

10. ANNUAL TREASURY MANAGEMENT REPORT

The Committee resolved to excluded the public from the meeting during discussion of the following item on the grounds that if members of the public were present it was likely that, given the nature of the business to be transacted, that there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972 which could reveal information relating to the financial or business affairs of any particular person (including the authority holding that information) and it was not in the public interest to publish this information.

The Council was required by regulation to produce an Annual Treasury Report reviewing treasury management activities and the actual prudential and treasury indicators for 2010/11. During 2010/11 the minimum reporting requirements were that the full Council should receive the following reports:

- An annual treasury strategy in advance of the year,
- A mid year (minimum) treasury update report, and
- An annual report following the year describing the activity compared to the strategy.

Recent changes had placed a greater onus on members for the review and scrutiny of treasury management policy and activities. The Council had complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by this Committee before they were reported to the full Council.

The Committee approved the final 2010/11 prudential and treasury indicators in the report and recommend the annual treasury management report for 2010/11 to full Council.