

AUDIT AND GOVERNANCE COMMITTEE

21st September 2011 at 6.00 p.m.

PRESENT: Councillor Farooq (Chair); Councillors R.J. Davis, Dolling, Gale, Khan and Hussain.

15. APOLOGIES FOR ABSENCE (REF: 1)

Apologies for absence from the meeting were received on behalf of Councillor M. Pantling.

16. MINUTES (REF: 2.1)

Resolved: That the Minutes of the meeting of the Committee held on 21st June 2011 be taken as read, approved as a correct record and signed by the Chair.

17 REFERENCE FROM FINANCE REVIEW GROUP – TREASURY MANAGEMENT (REF: 6.1)

The Head of Finance presented a reference from the Finance Review Group (FRG) inviting the Audit and Governance Committee to take responsibility for monitoring and reviewing Treasury Management activities.

Due to the lack of capacity by the Group given the main function of scrutinising the Council's transformation projects, the budget setting process and overseeing public consultation on the budget priorities the FRG had been unable to review Treasury Management as effectively as required. It was also agreed that the function did, in fact, fit more appropriately within the remit of the Audit and Governance Committee.

Resolved: (i) That the Audit and Governance Committee take responsibility for monitoring and reviewing Treasury Management activities with immediate effect.

18. TREASURY MANAGEMENT (REF: 7)

The Head of Finance submitted a report enabling Members to review the Treasury Management Strategy and the latest activity undertaken in accordance with that strategy.

Members were informed that due to the requirement to pay the Government £80 million by the end of the year in connection with Housing self-financing, the Strategy would need to be updated and submitted to

Full Council later in the year for agreement.

In relation to the projected interest rates within the Strategy, the Head of Finance advised that these had been optimistic and would be amended next time the Strategy was changed.

In response to a question regarding RBS, the Head of Finance informed the Committee that the Government was under an obligation to protect the Council's position.

Resolved: That the Treasury Management Strategy and activity be noted.

19. REVIEW OF FINANCIAL RESILIENCE (REF: 8)

Grant Thornton, the Council's external auditors submitted a report reviewing the Council's arrangements for securing financial resilience.

Members noted the recommendations made by the external auditors in relation to key indicators of performance, strategic financial planning, financial governance, and financial control. The External Auditors advised that the Council would need to carefully monitor the durability of the Finance Department as a result of recent reductions to the number of accountancy posts. Members advised that the priority for the Council had been the protection of frontline services in the recent budget reductions but that this issue would be kept under review.

Resolved: (i) That the report be noted.

20. EXTERNAL AUDITOR'S ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE (REF: 9)

The Head of Corporate Finance submitted a report advising of the External Auditors report to the Committee on their audit of the Council's accounts, their views on the Council's arrangements to secure value for money, the Auditor's and Council's responsibilities and matters arising from the Audit.

The External Auditors advised that the accounts audit was substantially complete but that further work would be undertaken in the next week or so to complete the audit. Members were advised of the key messages arising from the audit and were pleased to note that the auditors anticipated providing an unqualified opinion on the Council's financial statements and Value for Money conclusion.

The External Auditors along with the Head of Finance and Members of the Committee acknowledged the amount of work put into the accounts and paid credit to the Council's Chief Accountant and her team.

Resolved: (i) That the Management Action Plan as set out in Appendix C to the Report of the External Auditor (Ref: 9) and to be implemented by the end of March 2012 be agreed.

(ii) That the changes to the accounts as set out in Appendix B to the Report of the External Auditor be made in the 2010/11 accounts.

(iii) That the unadjusted misstatement as set out in Appendix B of the Report of the External Auditor be noted.

(iv) That the Committee's thanks be conveyed to the Council's Chief Accountant and her team for the amount of work undertaken to produce the accounts this year.

21. STATEMENT OF ACCOUNTS 2010/11 (REF: 10)

The Chief Accountant submitted a report requesting approval of the 2010/11 Statement of Accounts, Income and Expenditure Accounts and Balance Sheets attached at Appendix A to the report of the Head of Finance (Ref: 10).

Members were advised that although the accounts were largely complete, they still needed a final check for quality assurance.

Officers recognised the concern of the External Auditors regarding the reduction in accountancy posts and informed the committee that this had been further impacted by the movement of one key member of staff between Council departments.

Resolved: (i) That the Council's Statement of Accounts be approved and that the Chair, in conjunction with the Vice-Chair be delegated the signing of the Accounts once the final version has been agreed with the External Auditors.

22. ANNUAL BENEFITS FRAUD REPORT 2010/11 (REF: 11)

The Investigations Manager presented the Audit and Investigations Team Annual Benefits Fraud Report for 2010/11, which summarised the fraud activity over that period.

The report detailed criminal investigations undertaken over the previous twelve months by the Audit and Investigations Team of a wide

range of offences against the benefits scheme administered by the Local Authority.

The Investigations Manager informed Members that 717 referrals had been accepted by the Team for investigation. 191 interviews had been completed under caution, 97 cases had been submitted to Legal Services for sanctions action and 40 summonses were issued. The Team had secured 32 cautions, 13 administrative penalties and 40 convictions. He went on to say that sentences handed out included 2 custodial sentences, 3 suspended sentences, 20 fines, 18 community orders and 4 conditional discharges.

Members were pleased to note that by working in partnership with other agencies, the team were able to use powers under the Proceeds of Crime Act for the first time to seize criminal assets worth over £108,000.

Members commented that the excellent work carried out over the past year by the Investigations Manager and his Team had paid off as the message was reaching all parts of the Town.

Resolved: That the Annual Benefits Fraud Report for the financial year 2010/11 as set out at Appendix A to the Investigations Manager's report (Ref: 11) be received.

23. INTERNAL AUDIT PLAN UPDATE (REF: 12)

The Audit Manager submitted a report updating the Committee on the work of the Internal Audit Service for the period April to August 2011.

The Committee noted the position in respect of Dallow Primary School in that 27 recommendations had been made to help strengthen the financial control of the school. As a result of the work the opinion provided was Limited Assurance on the current standard of controls at the school. Officers advised that the audit would be followed up in January 2012 and reported back to this Committee in March 2012.

Resolved: (i) That the Internal Audit Plan update report covering the period April to August 2011 be received.

(ii) That the Audit Manager report the follow-up of Dallow Primary School to the March 2012 meeting of this Committee.

24. WHISTLEBLOWING POLICY – ANNUAL REPORT (REF: 13)

The Monitoring Officer submitted details of the operation of the Council's Whistleblowing Policy during the financial year 2010/11.

During 2010/11, only four complaints had been received which were all unsubstantiated.

The Monitoring Officer advised that due to the decline in referrals to In-Touch she had been instructed to serve notice to terminate the arrangement with In-Touch and that this service would come to an end on 9th October 2011.

Resolved: (i) That the Report (Ref: 13) be noted

(Note: The meeting ended at 7.15 pm)