

**BRECKLAND COUNCIL**

**At a Meeting of the**

**AUDIT COMMITTEE**

**Held on Friday, 25 June 2010 at 10.00 am in  
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

**PRESENT**

Mr R.P. Childerhouse	Mr. L. Peacock
Mr C.R. Jordan (Chairman)	Mrs L.H. Monument
Mr D.S. Myers	Mr R.W. Duffield (substitute member)

**In Attendance**

Robert Murray	- District Auditor, Audit Commission
Chris Brooks	- Governance and Performance Accountant
Mark Finch	- Head of Finance
Sandra C. King	- Head of Internal Audit
Robert Davies	- Senior Audit Manager, Audit Commission
Julie Britton	- Senior Committee Officer
Alison Chubbock	- Accountancy Manager
Stephen James	- Policy and Performance Manager

**37/10 MINUTES (AGENDA ITEM 1)**

The Minutes of the meeting held on 11 June 2010 were confirmed as a correct record and signed by the Chairman.

**38/10 APOLOGIES (AGENDA ITEM 2)**

Apologies were received from Mr P. Balaam, Mr P. Hewett and Mr R. Kybird.

**39/10 ANNUAL STATEMENT OF ACCOUNTS (AGENDA ITEM 6)**

The Head of Finance presented the final draft Annual Statements of Accounts for 2009/2010 for the Committee's approval in accordance with the Committee's delegated powers.

Revised copies of the Statements had been circulated and published on the Council's website.

The Committee had reviewed the preliminary draft Statements in detail at its meeting on 11 June.

The Head of Finance highlighted the changes that had been made to the Statements following the last meeting.

The accounting entry for the Capitalisation of Icelandic Impairments had been moved from the face of the Income and Expenditure Account to the Statement of Movement on the General Fund Balance which had been detailed in Note 14. The revised draft accounts had been received from ARPT and were now reflected in the Group Accounts. The wording to the notes in the accounts had been adjusted to reflect the feedback from the

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<p>Audit Committee and a further review of the Accounts.</p> <p>The Head of Finance explained that, upon the Committee's approval of the Accounts, the Chairman would be asked to sign the document to record the Committee's decision.</p> <p><b><u>RESOLVED</u></b> that the Statements of Accounts for 2009-10 be approved.</p>	<p><b>Mark Finch</b></p>
<p><b>40/10 <u>ANNUAL REPORT OF THE AUDIT COMMITTEE (AGENDA ITEM 7)</u></b></p> <p>The Head of Internal Audit presented the Annual Report of the Committee which was required under its terms of reference.</p> <p>The report summarised the work of the Audit Committee during 2009/10 and confirmed that it had operated in accordance with its terms of reference and had complied with best practice. The Committee had also demonstrated effective challenge during its seven meetings in the year.</p> <p>The remit of the Committee had been clearly set out in Section 5 of the report. Section 6 outlined the nature of work considered in the year and Section 7 provided Members with an overview of the key issues that had been raised.</p> <p>The Committee had received four presentations, covering such topics as the Performance Management System, International Financial Reporting Standards and the REV Project, as well as holding discussions on the appointment of an Independent Member, the outcomes from the Use of Resources Assessment and the provision of Treasury Management training.</p> <p>The Chairman thanked the Head of Internal Audit for the report. He expressed his appreciation to all those involved as he had forgotten the amount of work that the Committee had actually done.</p> <p><b><u>RESOLVED</u></b> that the report be noted and approved for submission to the next meeting of the Council.</p>	<p><b>Mark Finch</b></p>
<p><b>41/10 <u>ANNUAL REPORT ON TREASURY MANAGEMENT PERFORMANCE (AGENDA ITEM 8)</u></b></p> <p>The Head of Finance presented the report, which covered a statutory requirement to set out in detail the treasury activities and the actual Prudential Indicators for 2009/10.</p> <p>The various tables presented in the report were explained and members were asked to note that the figures for the Capital Financing Requirement in the table at paragraph 3.1 should be in brackets with the 2009/10 figures reading (£6.446m) and the Capital Financing Requirement, in the same table, should read £6,446m as it excluded the PFI figure. The figures under the Capital Financing Requirement shown at section 4 of the report should read 20.161m and 6.466m (not 20,161m and 6,446m).</p> <p>In response to a question as to whether the Council made much use of the £1m authorised limit, Members were informed that this reflected the authority's overdraft limit that was available for operational cash flow purposes.</p>	

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To maintain debt free status, the Chairman asked where this would be shown for Cabinet on the risk register. The Head of Finance explained that this was raised in the Capital Strategy each year. Cabinet would also be aware of any Capital spending implications through the Proforma Bs. The Chairman still had concerns about the Council losing its debt free status in this economic climate and felt that this matter should be reflected more highly in the risk register. He further felt that the Cabinet should be made aware that it could not carry out its business as it had in the past.

A Member wished to know where the monies were being held for Moving Thetford Forward. Members were informed that these monies had been set aside in a separate Money Market Account which could be accessed to fund approved projects.

**RESOLVED** that

- 1) the actual 2009-10 Prudential Indicators be approved; and
- 2) the Treasury Management Stewardship report for 2009-10 be noted.

**42/10 2010/11 ANNUAL AUDIT FEE LETTER (AGENDA ITEM 9)**

Mr Robert Murray presented the Audit Commission's Annual Fee Letter to Breckland Council for 2010-11.

The total indicative fee for the audit for 2010/11 was for £102,600 which compared to the planned fee of £96,810 for 2009/10. A table which summarised the fees was highlighted.

In response to a letter sent by this authority (Audit Committee Minute No. 14/10(1)), Mr Murray explained that the Coalition Government had abolished the CAA framework. This meant that the Audit Commission would not be doing any work on that assessment. Most of this work, however, had already been completed for this year so it was not expected to significantly affect this year's fee, although this revised work plan would be reflected in future.

The Chairman appreciated that some of the work had already been carried out but felt it to be unfair for Breckland Council to pay for something that had been abolished by the Government. Members were informed that although no formal CAA score would be issued, the Audit Commission would be providing feedback from the work carried out in due course.

**RESOLVED** that the Annual Audit and Inspection Fee Letter 2010/11 be noted.

**Robert  
Murray**

**43/10 SERVICE TEAM PLANS AND STRATEGIC RISK REGISTERS (AGENDA ITEM 10)**

The Governance and Performance Accountant presented the report and explained that one to ones had been held with Directors and workshops had been held with Service Managers. The whole risk process had been approved by CMT and was now fairly well embedded within the Council.

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The document would be reviewed on a quarterly basis so that necessary updates could be made.

**RESOLVED** that the report be noted.

**44/10 RISK MANAGEMENT STRATEGY AMENDMENT (AGENDA ITEM 11)**

The Governance & Performance Accountant presented the report.

The Risk Management Strategy had been produced to reflect major changes within the Council and Governance expectations nationally within Local Government to ensure the on-going effectiveness of risk management arrangements.

As part of the 2009/10 Internal Audit Plan, an audit of the Anglia Revenues and Benefits Governance Arrangements had been undertaken. The recommendation (highlighted at part 2 of the Advisory Note) had been identified during the audit relating to risk management. As a result the Risk Management Strategy had been amended to reflect the differences used in methodology and scoring in the assessment of risk used by the Council and those used by ARP. Appendix E had been added to the Risk Management Strategy to reflect the differences in approach.

The Chairman asked if there were any risks outstanding for ARP that the Council was not aware of. The Performance Manager advised that he would be assessing all risks with ARP.

A Member asked if the responses to risks were ever tested and in particular physical risks. Members were informed that all risks were reviewed quarterly; however, the higher rated risks were reviewed by CMT and then brought to Audit Committee. The Head of Finance referred to 'Operation Stag', a desk top exercise that the Emergency Planning Officer had arranged for officers to test emergency planning arrangements.

It was agreed that a report on 'Operation Stag' be brought to the Audit Committee for information in due course.

It was noted that there were many risks highlighted red within the report and it was not clearly shown how the Council was able to move from red to green. It was explained that all information would be picked up in the quarterly Governance report. The Performance Manager stated that the Risk Management Strategy was not just about a paper exercise, the document was a live working document that was continually updated. All risks were brought through to the Performance Clinic with the Chief Executive.

**RESOLVED** that Breckland Council's Risk Strategy includes reference to the differences used in methodology and scoring in the assessment of risk used by the Council and those used by the ARP.

**45/10 QUARTER 4 GOVERNANCE REPORT - RISKS (AGENDA ITEM 12)**

The Governance & Performance Accountant presented the report.

**Mark  
Finch,  
Teresa  
Cannon**

	<u>Action By</u>
<p>The report demonstrated how the risks were brought through the system.</p> <p>'Deleted' risks would now be referred to as 'closed' risks.</p> <p>Referring to R-S-Trans 02 listed under strategic risks for Capita Symonds, Members were informed that a report would be provided on this matter in due course.</p> <p><b><u>RESOLVED</u></b> that the report be noted.</p>	<p><b>Chris Brooks</b></p>
<p><b>46/10 <u>WORK PROGRAMME (AGENDA ITEM 13)</u></b></p> <p><b><u>RESOLVED</u></b> that the following items be added to the schedule:</p> <ol style="list-style-type: none"><li>1) Annual Audit Fee Letter – Narrative from the CAA/Managing Performance Assessment work already carried out by the Auditors (see Minute No. 42/10 above).</li><li>2) Emergency Planning Desk Top Exercise Report (see Minute No. 44/10).</li><li>3) Capita Symonds Joint Risk Register (see Minute No. 45/10).</li></ol>	<p><b>Mark Finch</b></p>
<p><b>47/10 <u>NEXT MEETING (AGENDA ITEM 14)</u></b></p> <p>The arrangements for the next meeting on 24 September 2010 were noted.</p>	

The meeting closed at 10.45 am

CHAIRMAN