

**BRECKLAND COUNCIL**

**At a Meeting of the**

**AUDIT COMMITTEE**

**Held on Friday, 30 September 2011 at 10.00 am in  
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

**PRESENT**

Mr C.R. Jordan (Chairman)  
Mr R.P. Childerhouse  
Lady Fisher  
Mr T J Jermy

Mr R.G. Kybird (Vice-Chairman)  
Mr T. Ludlow  
Mr M A Wassell

**Also Present**

Mr P.J. Duigan

Mr W R J Richmond

**In Attendance**

Chris Brooks  
Alison Chubbock  
Mark Finch  
Terry Huggins  
Helen McAleer  
Alison Riglar  
Kevin Sharman

- Governance and Performance Accountant
- Accountancy Manager
- Assistant Director of Finance
- Chief Executive
- Senior Committee Officer
- Audit Commission
- Audit Commission

**Chairman's Comments**

The Chairman reminded the Committee that a training session for Audit Members had been arranged from 12.30 to 4.30. Mr Ludlow noted that he had not received an invitation and due to having another engagement he would not be able to attend. The Training & Development Manager would be advised of the omission.

Attention was drawn to the second agenda supplement which had been issued and numbered as Item 12. This matter would be dealt with as Item 9A on the agenda.

**50/11 MINUTES (AGENDA ITEM 1)**

The Minutes of the meeting held on 24 June 2011 were confirmed as a correct record and signed by the Chairman.

**51/11 APOLOGIES (AGENDA ITEM 2)**

Apologies for absence had been received from Mr Keith Stevens.

**52/11 URGENT BUSINESS (AGENDA ITEM 3)**

None.

**53/11 DECLARATION OF INTEREST (AGENDA ITEM 4)**

No declarations were made.

**Action By**

Richard  
Wills

**Action By**

**54/11 NON-MEMBERS WISHING TO ADDRESS THE MEETING (AGENDA ITEM 5)**

Mr P Duigan and Mr W Richmond were in attendance.

**55/11 ANNUAL GOVERNANCE REPORT (AGENDA ITEM 6)**

Mr Kevin Sharman and Ms Alison Riglar were in attendance from the Audit Commission. Mr Sharman presented the report on behalf of Mr Murray, the Appointed Auditor, who was not able to attend. He noted that the fact that the report was ready to be signed off today, with no matters of significant importance to report, was a very positive outcome.

With regard to the statement of independence on Page 24 of the report, Mr Sharman advised that during the Audit of Members' Allowances one auditor had declared an interest by virtue of having had a close relationship with one of the Councillors. This had not impacted on the financial statements. To maintain independence that person would be excluded from working on Members' Allowances.

A Member asked if Internal Audit would be notified and Mr Sharman agreed to do that. He then gave further details about the contents of the report.

In response to a question, he advised that the Icelandic investments were being treated in the manner established some years ago. Any payments due were monitored and were currently on track.

A Member did not like the picture on page 21 of the report and Mr Sharman advised that if the Council supplied a different picture it could be used instead.

The report was noted.

**56/11 STATEMENT OF ACCOUNTS - FORMAL APPROVAL (AGENDA ITEM 7)**

The Assistant Director Finance presented the report which sought formal approval of the audited statement of accounts and the annual governance statement. The accounts had already been looked at in detail at a previous meeting and only minor presentational changes had been made since. The remarks from the Audit Commission reflected the amount of work that had been done and the accounts had been audited both internally and externally.

**RESOLVED to:**

- (1) approve the audited Statement of Accounts 2010-11; and
- (2) approve the Annual Governance Statement (AGS) 2010-11.

The Chairman signed the Accounts.

**Action By**

**57/11 AUDIT COMMITTEE SELF ASSESSMENT EXERCISE AND ACTION PLAN (AGENDA ITEM 8)**

The Chairman asked Members if they were happy with the report and Mr Ludlow sought clarification of the issues on page 47 as he had no knowledge of the statements from 2.5 to 2.11.

The Assistant Director Finance advised that under the Constitution, the Audit Committee had responsibility for Risk Management. However, other committees also considered risk in all their reports. If the risk was found to be significant it would be reflected in the Risk Matrix and would be considered by the Audit Committee.

The Governance and Performance Accountant explained that the Council used to have Performance Clinics but they had been discontinued. A new format was being developed which would consider risk across the organisation.

A Member raised concern about how risk was being dealt with in the interim period and was advised that everything was being maintained as previously.

**RESOLVED** to

- (1) review the Checklist provided at Appendix 1 to the report, and identify whether the Committee was compliant in each respect; and
- (2) note that where necessary, a subsequent report would be presented to the Committee to confirm the further action necessary to comply with good practice.

**58/11 QUARTER 1 GOVERNANCE REPORT - RISKS (AGENDA ITEM 9)**

The Governance and Performance Accountant presented the report and advised that due to the changes to the Senior Management structure of the Council, the report had been delayed. The new Business Plan process would start in October and a new Strategic Risk Strategy would be presented to the next meeting.

Lady Fisher raised concerns about Strategic Housing particularly with reference to HMO (Houses in Multiple Occupation) and CBL (Choice Based Letting). She said there had been a lot of debate amongst local landlords.

She was asked to collate the evidence and feed it into the system and the Governance and Performance Accountant agreed to look into it and report to a future meeting. He said it was very useful to be pre-warned of possible future risks.

Some new risks had been added to the report including the PFI Contract, on page 54.

Mr Kybird asked about the Unitary Charge and the Assistant Director Finance explained that the charge was a monthly 'all in' payment to contractors covering capital and running costs. It was an existing risk that

had been updated to reflect the current position.

Mr Jermy asked about the additional money for homelessness identified on page 64. He asked if that money was ring-fenced as he was aware of proposals to reduce the number of officers in the Homelessness Team. He could not understand why such a reduction would be necessary if more money was available.

The Assistant Director Finance advised that the risk was associated with the Grant Settlement as it was not known how much that would be and it would not be received until January/February 2012 which did not help with long term planning.

The Chief Executive confirmed that the money was not ring-fenced and that it was up to the Council to decide how it was spent. Previously an amount had been allocated specifically to Homelessness.

Mr Jermy thought that if the Council was making a conscious decision to move money away from Homelessness it would be creating a risk.

The Chairman thought Mr Jermy had raised a good point and asked the Housing Department to explain what happened to the money.

Mr Ludlow asked if it was right to close the Pension Risk (page 55) and absorb it with another. He asked if it would 'get lost'.

The Assistant Director Finance did not think so. There were no significant changes in the contribution rates for Local Authorities and the further changes proposed were likely to provide downward pressure on the risk.

Mr Ludlow explained that in the Private Sector it had become a real risk rather than a technical accounting movement and had had a massive impact on investments. However, if the Assistant Director Finance was happy he had no further concerns.

The Assistant Director Finance said that there was a difference between the Public and Private Sector and cash impacts were managed through contribution rates rather than through the accounting system.

The Governance and Performance Accountant drew attention to the risk on page 57 of a drop in rental income. Discussions had taken place with the Asset Department and about 20,000 square feet of commercial floorspace was coming back to the Council. They were therefore adopting a more pro-active marketing approach.

The Chairman pointed out that everyone had a higher risk of failure due to the economic climate and that the Council needed to instil confidence in the community. It managed its assets well and he hoped it would continue to do so.

The report was noted.

**Action By**

Anita  
Brennan

**Action By**

**59/11 ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2010/11 (AGENDA ITEM 9A)**

The Accountancy Manager presented the report which was produced annually to meet Government regulations.

The Council had complied with all the requirements and did not breach treasury limits. She then went through the figures and explained the tables set out in the appendix to the report.

*At this point in the meeting the fire alarm sounded and Members evacuated the building temporarily.*

Mr Childerhouse asked if the Icelandic investments were included in the figures and whether both Capital and interest were accounted for.

The Assistant Director Finance advised that both were included but that the Interest was revenue. A test court case had concluded in Iceland and judgement was expected in early October. The results would be circulated to Audit Committee members.

Mr Kybird asked about the reduction in provisions on page 192 and the Accountancy Manager advised that this related to the Barnham Broom investment.

**RESOLVED** to

- (1) approve the actual 2010/11 prudential indicators within the report;
- (2) note the Treasury Management stewardship report for 2010/11 at Appendix A to the report; and
- (3) approve the amendments to TMP 5 at Appendix B which reflected the reduction and changes to the staff structure in 2011/12.

**60/11 WORK PROGRAMME (AGENDA ITEM 10)**

The Assistant Director Finance presented the work programme which set out planned activity.

Training requirements had been mentioned previously and Treasury Management training had been arranged to take place after the meeting. Members were asked for their views on proposals to arrange further training jointly with other Norfolk authorities.

The Chairman and Members agreed that that was a good idea.

**61/11 NEXT MEETING (AGENDA ITEM 11)**

The arrangements for the next meeting at 10.00am on 25 November 2011 were noted.

**Action By**

**Corporate Governance**

Before the conclusion of the meeting the Chief Executive gave Members a short presentation on Corporate Governance. (Copy attached)

He noted that the Corporate Plan was at the heart of Governance Structure and that followed through into the Service Business Plans which were produced annually.

Historically Performance Indicators had been set by Central Government and had not always been meaningful. Recent changes allowed new freedoms for Councils and moved accountability back to their own communities. New Performance Indicators would be suggested and reported on the website.

The Corporate Plan was evidence based and would be updated regularly and was accessible to Members. A number of Resource Plans would be reviewed and aligned with the Corporate Plan. Systems and processes for managing performance would be put in place. The procedures would ensure that the Council stayed both legal and ethical and would provide the framework needed to provide accountability to Government and the community.

It was intended to have the same structure at both Councils as common frameworks made life easier for Senior Manager.

Other freedoms allowed policy and procedure documents to be written more concisely and proportionately. There would be a big effort to make sure that they were understandable and clearly set out the Council's intentions.

Mr Kybird asked if there would be an opportunity to review the Performance measures that it was proposed to leave out of the Business Service Plans and the Chief Executive asked the Governance and Performance Accountant to liaise with Members.

The Chairman thanked the Chief Executive for a good presentation.

The meeting closed at 11.20 am

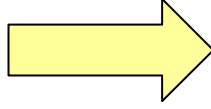
CHAIRMAN

# Breckland – Sholland Corporate Governance

*At the core of the Corporate Governance Framework is the Corporate Plan. A forward looking document setting the Councils priorities and high level plans for the four year term.*

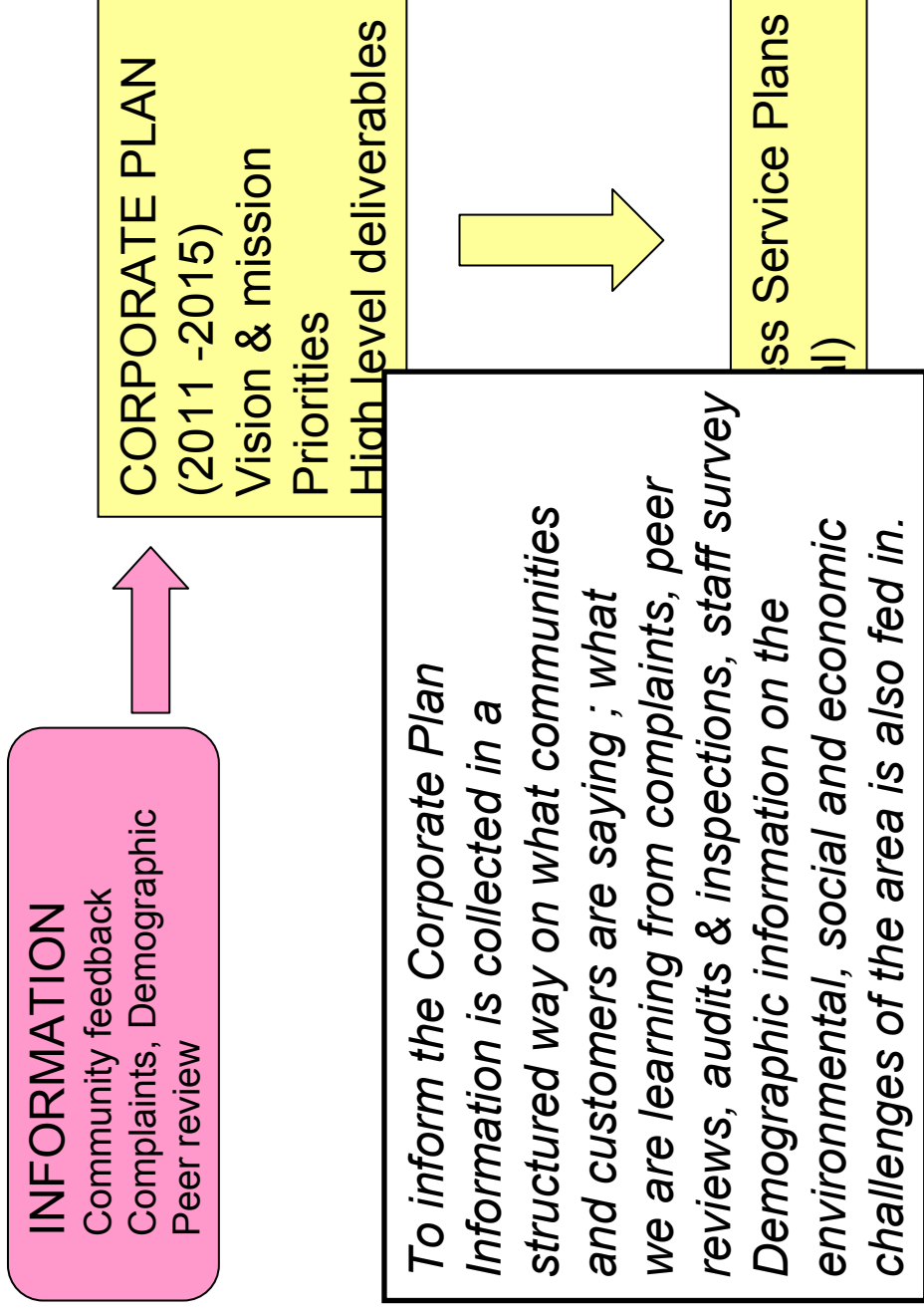
*This is supported by an annual business plan for each service*

**CORPORATE PLAN  
(2011 -2015)  
Vision & mission  
Priorities  
High level deliverables**



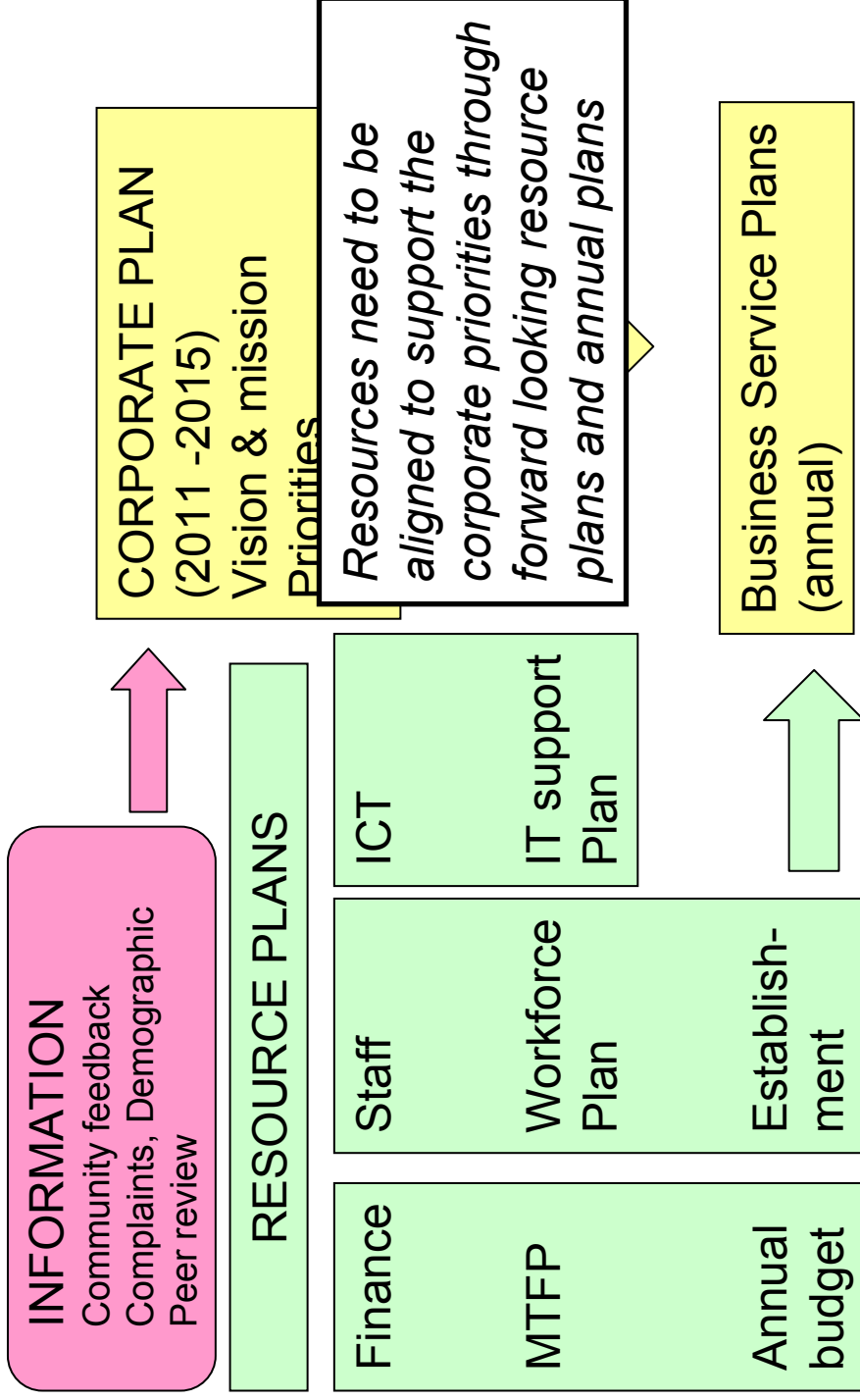
**Business Service Plans  
(annual)**

# Breckland – Sholland Corporate Governance

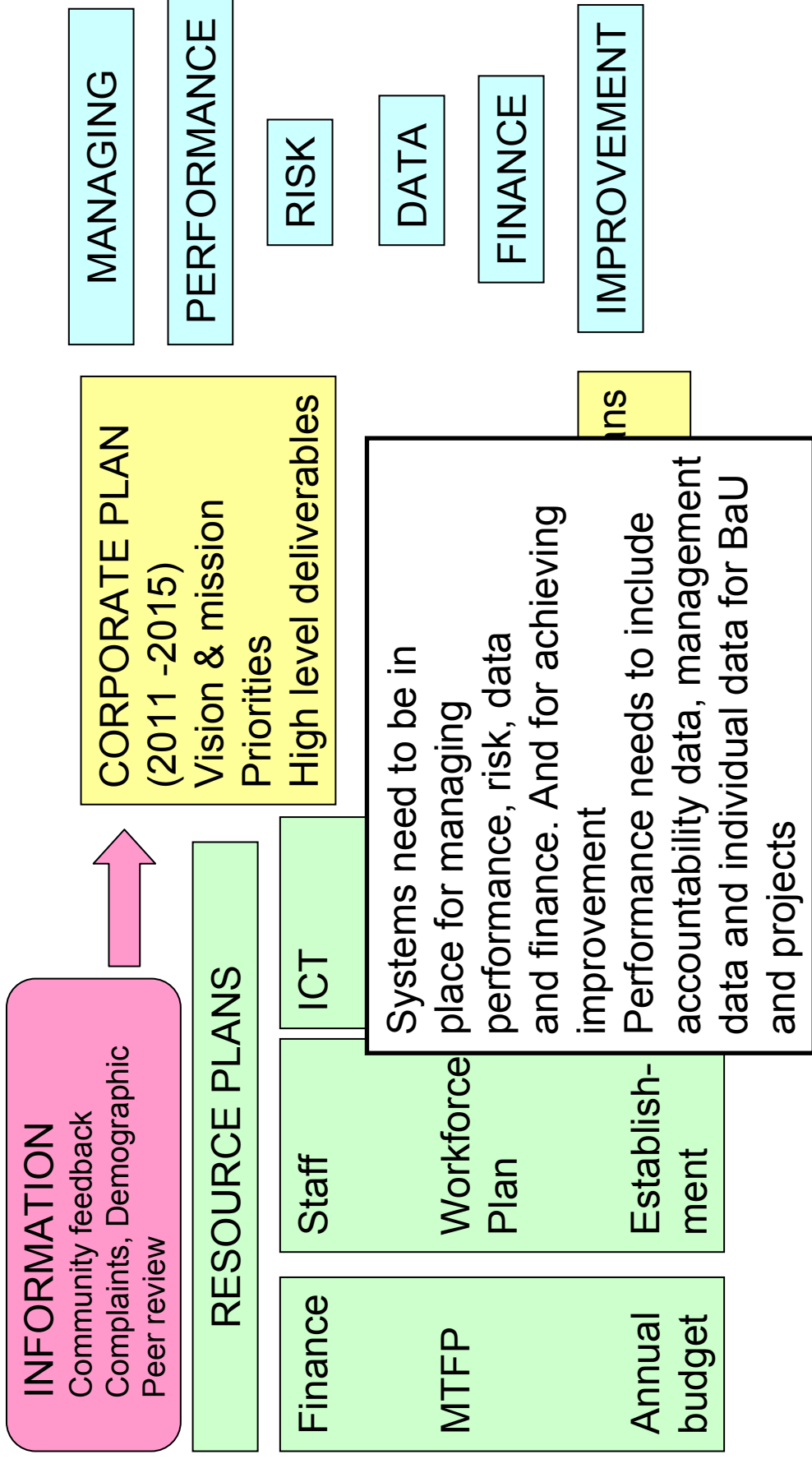




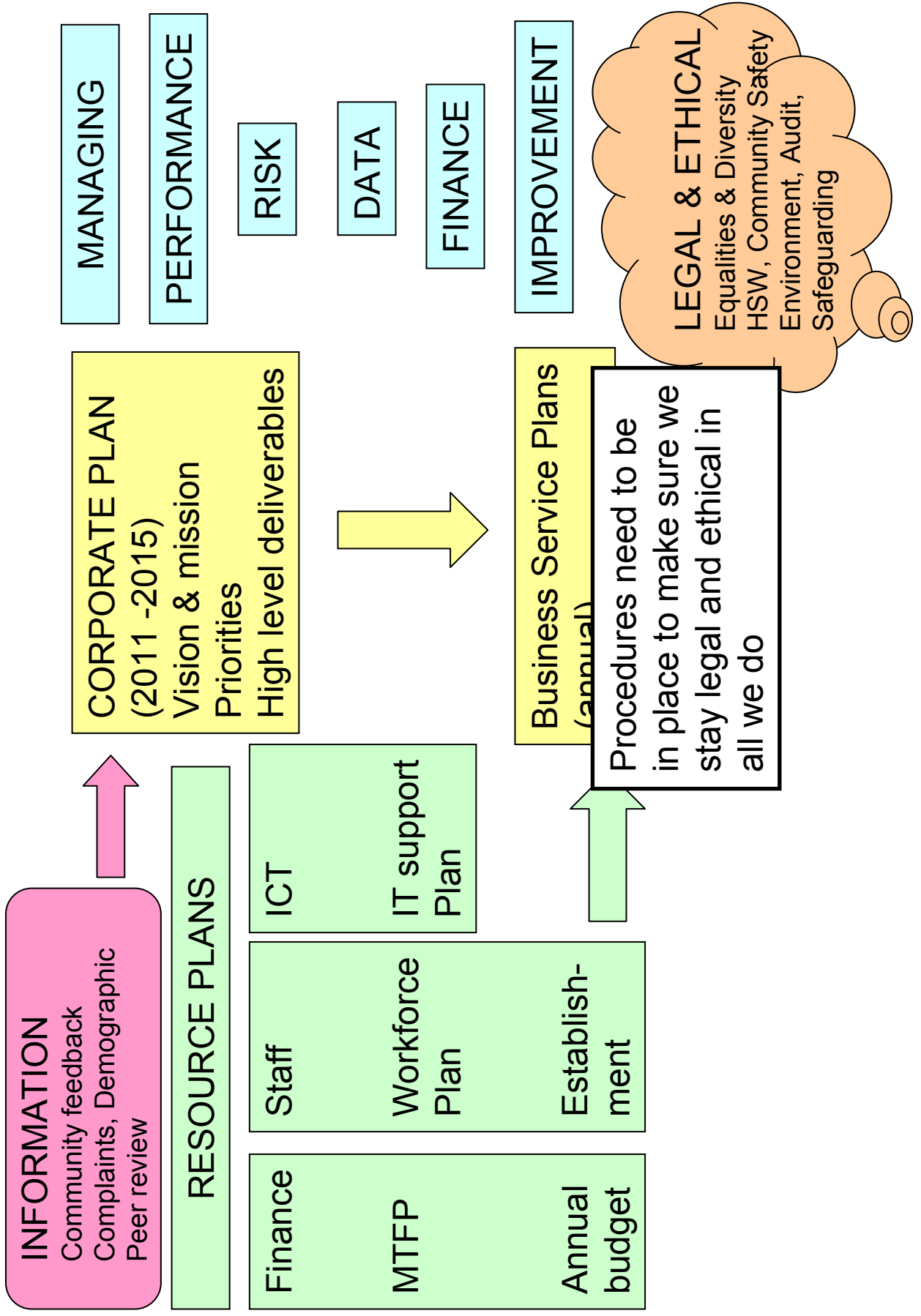
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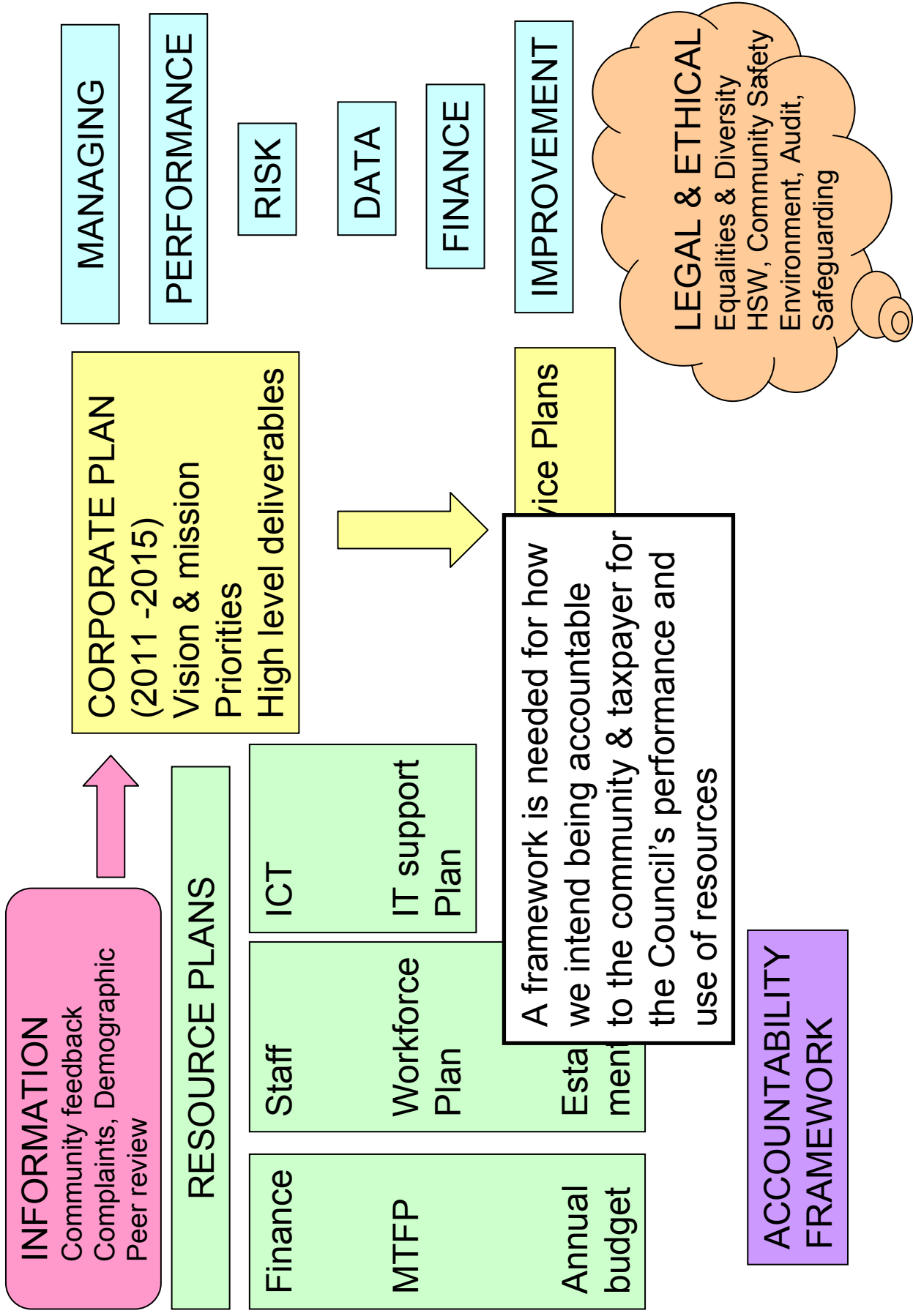
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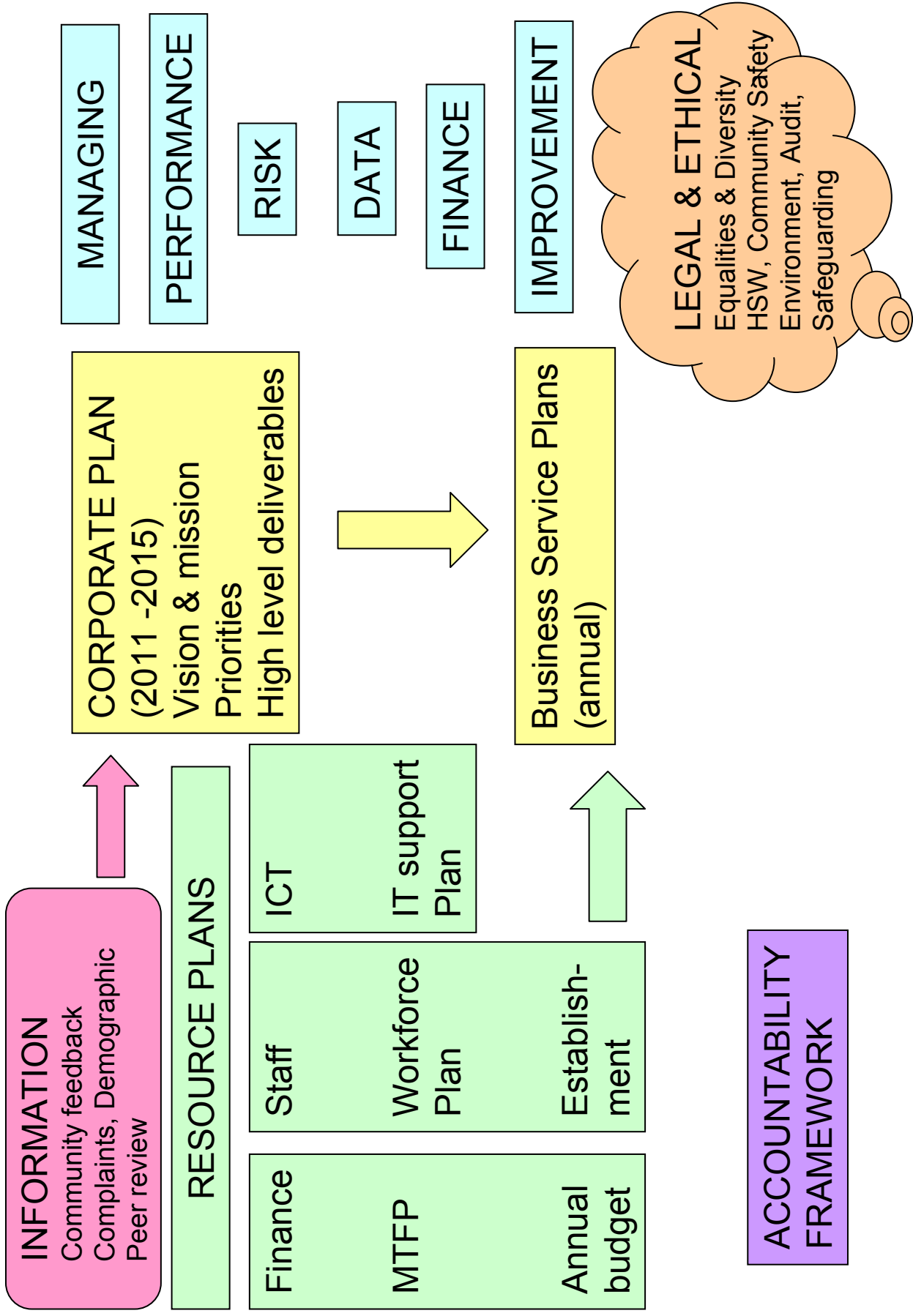
# Breckland – Sholland Corporate Governance



# Breckland – Sholland Corporate Governance



# Breckland – Sholland Corporate Governance



# What next

- each Council to agree its Corporate Plan
- then service business plans follow
- and resource plans ..... etc
- in this way the model is built incrementally
- all documents to be to a common template
- all documents to be concise, to the point and understandable
- systems to be common to both authorities
- systems, procedures and documents to be proportional to the Council's needs.