

BRECKLAND COUNCIL

At a Meeting of the

AUDIT COMMITTEE

**Held on Friday, 28 June 2013 at 10.00 am in
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

PRESENT

Mr C.R. Jordan (Chairman)	Mr R.P. Childerhouse
Mr R.G. Kybird (Vice-Chairman)	Mrs E. M. Jolly
Mrs B Canham	Mr M J Nairn

Also Present

Mr T. Ludlow	Mr K. Stevens
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In Attendance

Chris Brooks	- Governance and Performance Accountant
Mark Finch	- Assistant Director of Finance
Julie Britton	- Senior Committee Officer
Ruth Hassall	- HR Manager
Stephen James	- PFI Monitoring & Strategic Sports Officer
Julia Perry	- Training and Development Manager
Riana Rudland	- Community Development Manager
Mark Stokes	- Deputy Chief Executive
Rod Urquhart	- Operations Manager (Support and Fraud)
James Edwards	- Performance Risk Officer

29/13 MINUTES (AGENDA ITEM 1)

Mr Ludlow and Mrs Jolly requested wording amendments for the sake of clarity in Minute No. 22/13 – Annual Review of the Effectiveness of Internal Audit for 2012-13 – to read as follows:

Second sentence of the last paragraph on page 7 of the agenda:
“Mr Ludlow also felt that the Audit Committee should be involved in reviewing the *effectiveness and governance of the existing Internal Audit contract*”

Also, in view of the above it was agreed that the resolution should be amended to read: “that the findings of the review and the evidence gathered in support of the effectiveness and implementation of the Internal Audit Service be monitored and be taken into consideration when receiving the Head of Internal Audit’s Annual Report and Opinion

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Subject to a further amendment at Minute No. 14/13(2) to read: "...instead of BC/SH-EH-OR 04", the Minutes as amended, were confirmed as a correct record and signed by the Chairman.

30/13 APOLOGIES (AGENDA ITEM 2)

Apologies for absence were received from Sandra King, Emma Patchett and Rob Murray, the Internal and External Auditors.

31/13 DECLARATION OF INTERESTS (AGENDA ITEM 4)

The Vice-Chairman declared an interest in agenda item 14 by virtue of his company having dealings on occasion with the sports centres and said that he would withdraw from the meeting when this item was discussed.

32/13 BRECKLAND TRAINING SERVICES (AGENDA ITEM 6)

Ruth Hassall, the new HR Manager provided Members with a verbal update.

Approval had been granted to increase the team by one member of staff to enable the design, delivery and marketing of workshops to outside organisations. The post was to be funded by the income generated from that work. To date £16,403 of income had been achieved and a further £29,442 worth of work had been confirmed for the future. By the end of October, it was anticipated that the Training Service would have exceeded its target of £45,000.

Key core clients of the service since the launch were South Holland District Council, Luton Borough Council, the UEA, North Norfolk District Council and the ARP.

The Breckland Training Service (BTS) biggest achievement had been an Apprentice-style challenge event hosted for the Local Government Association (LGA) which had since been featured in the MJ magazine; hopefully, this had generated good publicity for the BTS.

24 October 2013 would mark the first anniversary of the BTS and a full report would be presented to the Audit Committee setting out the future plans for the BTS, which would include looking into the creation of a trading arm.

Mr Ludlow asked what had been included in the £45,000. Members were informed that £45,000 included the salary cost, salary based on-costs and additional costs applied by finance to each post, such as internal equipment, the cost of office space etc. Marketing costs, for the first year came from a separate budget but were expected to be funded by the income generated in future. All costs would be highlighted in the annual report.

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The Chairman thanked the HR Manager for her report.

33/13 QUARTER 4 GOVERNANCE REPORT RISKS (AGENDA ITEM 7)

The Governance & Performance Accountant presented the Quarter 4 Governance report and introduced James Edwards, the Performance Risk Officer from South Holland District Council who would be having more involvement in Breckland's risk work.

Pages 16 to 18 of the report highlighted the new risks; however, it was noted that the risk for ICT had since been closed.

The old risks for Environmental Services on page 17 of the report had been re-opened since the commencement of the review and the new risk identified under BC-HR- OR 08 under Human Resources on page 18 of the report was incorrect. The correct version could be seen on page 46 of the agenda under agenda item 8.

Page 21 to 26 covered the closed risks and page 28 onwards highlighted the strategic risks that were beyond the Council's control.

Referring to the closed risks, Mr Ludlow asked if there could be further detail behind these to explain what had been done to enable these risks to be closed. Also, referring to the second risk on page 32 of the report, the score in his opinion was incorrect. Members were informed that the score should be six overall. A further observation made was in regard to risk failures in relation to the Council's suppliers. The Governance & Performance Accountant advised that this type of strategic risk would be considered and would be discussed with the Corporate Management Team moving forward. The Performance Risk Officer stated that this was the opportune time for Members to add any risks they felt should be included on the risk register.

In response to an observation in relation to BC-SR 15, Members were informed that the Officer concerned would be leaving the Council next week but another person would be taking over who had extensive experience in this field of work.

In response to a concern in relation to new build properties under BC-SR 20, in terms of fast tracking planning applications, the Chairman advised that these would be part of the planning regulations and should not be classed as a risk. The Chairman did ask; however, if planning applications were monitored. The Deputy Chief Executive explained that planning applications were monitored within the performance management system both contractually and as a whole.

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Mrs Jolly asked if the non-implementation of risks from Internal Audit would be picked up as areas of risk. The Assistant Director of Finance said that these were monitored through the performance system. Mrs Jolly further asked how the Council was addressing the non-implementation of high priority matters that had remained on the performance system for a number of years. Members were informed that these issues would be picked up within the new performance framework that had recently been put in place.

The report was otherwise noted.

**34/13 SERVICE TEAM PLANS AND STRATEGIC RISK REGISTERS
(AGENDA ITEM 8)**

The Governance & Performance Accountant presented the operational risk registers for 2013/14. The strategic risk register for 2013/14 had not, as yet, been finalised and would be reported to the next Audit Committee meeting.

It was noted that the risk reference BC-CD-OR 06 would be changed.

Mr Ludlow felt it would be of benefit to him if he could see sight of these risk registers prior to agenda issue.

The report was otherwise noted.

**35/13 DRAFT ANNUAL GOVERNANCE STATEMENT FOR 2012/13
(AGENDA ITEM 9)**

The Assistant Director of Finance presented the draft Annual Governance Statement (AGS) for 2012/13. If approved, the Statement would be presented to the Leader and Chief Executive for formal sign off and be submitted to External Audit, along with the Statement of Accounts.

The Assistant Director of Finance hoped that the report reflected what the Audit Committee had seen and considered throughout the year.

The Vice-Chairman raised concerns about the Code of Corporate Governance being in-line with the Council's Standing Orders particularly in relation to the Constitution and Responsibilities and the Code of Conduct which are in the process of being changed since the new guidelines had been issued. Members were informed that the Code of Corporate Governance would be amended accordingly to reflect these changes and a further report would be brought back to a future Committee meeting.

The following discrepancies/concerns were highlighted – all would

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be amended accordingly.

- The date of the approval of the Whistle Blowing Policy should be shown as February not January.
- There was no mention of the new standards arrangements under the Audit Committee's responsibilities
- Under the heading Significant Governance Issues it was agreed that the wording needed to be made stronger to highlight the fact that a significant proportion of high recommendations remained outstanding.
- Under Risk Management, to make reference to the new quarterly risk monitoring arrangements
- That the certification section include a reference to the new performance monitoring arrangements

RESOLVED that subject to the aforementioned amendments, the draft Annual Governance Statement be approved.

36/13 ANNUAL REPORT OF THE AUDIT COMMITTEE (AGENDA ITEM 10)

The Assistant Director of Finance presented the report in the absence of the Internal Audit Consortium Manager.

The report summarised the work of the Audit Committee during 2012/13 and confirmed that it had operated in accordance with its terms of reference and had complied with best practice. The Committee had also demonstrated good attendance records and the new Members that had been appointed had received relevant training.

The Chairman thanked everyone involved and said that these Committee meetings had been a pleasure to Chair.

Mr Ludlow said that the report did not reflect the Standards arrangements that now came under the Audit Committee's remit.

RESOLVED that subject to the aforementioned point, the report be approved for submission to the next meeting of the Council.

37/13 WORK PROGRAMME (AGENDA ITEM 11)

It was agreed that the following items would be added to the work programme for future meetings:

- Breckland Training Services Annual Report
- Review of the effectiveness of the Internal Audit contract
- Strategic Risk Registers

Mrs Jolly asked if the feedback from the new quarterly risk management meetings would be reported back to the Audit

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Committee. Members were informed that the timeline of the committee processes would have to be taken into account including the performance report that the Overview & Scrutiny Commission currently considered.

Mr Stevens felt that it was about providing confidence that these matters were being picked up at some stage in the process.

38/13 NEXT MEETING (AGENDA ITEM 12)

The arrangements for the next meeting on Friday, 20 September at 10.00am in the Norfolk Room were noted.

39/13 EXCLUSION OF PRESS AND PUBLIC (AGENDA ITEM 13)

RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the press and the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act.

40/13 PFI BENCHMARKING (AGENDA ITEM 14)

The PFI Monitoring Officer drew Members' attention to the report and highlighted the recommendations.

The report had been split into two parts and a detailed overview of each part was provided.

Many significant issues had been highlighted throughout the process.

Members had great confidence in the Officer involved and he was congratulated for his excellent report and the research behind it.

RESOLVED to **RECOMMEND** to Council that the recommendations within the report be approved.

The meeting closed at 11.15 am

CHAIRMAN