

Audit Committee

- Venue: Committee Room
- Date: 28 September 2011
- Present: Councillor Mrs Casling (Chair), Councillor Crawford, Councillor Dyson, Councillor Mrs Mackman, Councillor Mrs McCartney, Councillor Packham and Councillor Reynolds
- Apologies for Absence: Councillor Cattnach and Councillor Nutt
- Officers Present: James Ingham, Head of North Yorkshire Audit Partnership, John Barnett, North Yorkshire Audit Partnership; Rob Chambers, Audit Manager, The Audit Commission; Karen Iveson, Executive Director; Nicola Chick, Lead Officer for Finance, Access Selby and Richard Besley, Democratic Services

10. DECLARATIONS OF INTEREST

There were no declarations of interest.

11. MINUTES

RESOLVED:

To receive and approve the minutes of the Audit Committee held on 29 June 2011 and they are signed by the Chair.

12. CHAIR'S ADDRESS AND INTRODUCTION TO THE AUDIT COMMITTEE

The Chair welcomed councillors and informed them that, on advice of the North Yorkshire Audit Partnership, the Committee would hear item 12 (Risk Management Strategy) before item 11 (Corporate Risk Register).

13. AUDIT COMMITTEE REPORT A/11/5 – STATEMENT OF ACCOUNTS 2010-11

The Executive Director (S151), Karen Iveson introduced the report and explained the need for new arrangements to meet International Reporting Standards and revised Accounts and Audit regulations. The changes affected how the accounts were prepared and presented as well as the timetable for publication of the accounts.

The Executive Director (S151) introduced the Nicola Chick, Access Selby's Lead Officer for Finance, to the Committee. The lead Officer for Finance drew the Committee's attention to Appendix B – Explanatory Notes that highlighted the changes to the format and processes.

The new reporting method explained the large variances shown in Part 4 (Appendix B) Movement in Reserves Statements and she explained that the major change in deficit was due to the valuation of Council House stock.

The Committee questioned and approved the accounts by chapter.

In response to a question regarding Building Control income, the Lead Officer for Finance explained that all income raised was retained by the BC Partnership to cover operational costs.

The Lead Officer for Finance clarified that Collection Fund referred to that income generated by Council Tax and National Non Domestic Rates (NNDR), although NNDR was forwarded onto central government. Write offs on bad and doubtful debt were mostly due to non domestic rates.

Officers were asked to explain a "soft loan" and the Lead Officer for Finance defined it as loan which carried no interest or where interest was incurred it was lower than the current/normal rate.

The Chair asked for clarification on the balance on the Housing Revenue Account (HRA) and was informed that there was currently £1.6m in HRA balances.

With regard to Council investments, officers were asked why these were of short term nature, reducing the potential income from the investment. The Executive Director explained that such investment decisions were based on the current economic conditions. In the current volatile financial market it was prudent and current advice was to keep investment on short term basis.

RESOLVED:

To receive and approve the Statement of Accounts 2010-11

14. AUDIT COMMITTEE REPORT A/11/6 – ANNUAL GOVERNANCE STATEMENT

The report was presented by Karen Iveson, Executive Director (S151).

The Council's Governance Statement met a legal requirement to review the effectiveness of its system of internal control at least annually.

Given the changes to the Council's democratic arrangements and organisational restructure, the Statement set out the governance arrangements in place during 2010/11 and those in place currently.

The report included an Appendix setting out areas for improvement in the control framework and provided an update on issues highlighted in previous Statements.

Members requested that progress against the improvement areas be reported to the next meeting.

RESOLVED:

To receive and approve the Annual Governance Statement 2010/11

15. AUDIT COMMITTEE REPORT A/11/7 – AUDIT COMMISSION'S ANNUAL GOVERNANCE REPORT AND OPINION ON THE FINANCIAL STATEMENTS

The Annual Governance Report was presented by Robert Chambers, Audit Manager from the Audit Commission's regional office in Leeds.

He too confirmed the significant changes in requirements for financial statements as outlined by Lead Officer for Finance earlier in the meeting. He was pleased to report that they did not impact on the Audit opinion.

The Committee was informed that no significant issues were raised and the Audit Manager reported the Council had robust systems and processes in place.

In difficult times with regard to the economy, the Council was prioritising its resources within tighter budgets, by achieving cost reductions and improving efficiency.

RESOLVED:

To receive and note the report.

16. AUDIT REPORT A/11/8 – COUNTER FRAUD ANNUAL REPORT

The report was introduced by James Ingham the Head of the North Yorkshire Audit Partnership.

He informed the Committee that the Council has an approved Counter Fraud Strategy and Policy and highlighted the attached self assessment template. Mr Ingham felt that the results against the self assessment were satisfactory. The outcomes were attached as Appendix B and in response to questions he confirmed that sanctions reported were for the current year.

RESOLVED:

To receive and note the report.

17. AUDIT COMMITTEE REPORT A/11/9 – INTERNAL AUDIT QUARTER 1 + REPORT 2011/12

This report was also introduced by James Ingham for the Audit Partnership.

The report's appendix itemised the varied schedule for the remainder of the year and summarised the key issues from the Audit already completed on Homelessness Accommodation. Those Audits currently at Draft stage would be reported at the next meeting in January.

RESOLVED:

To receive and note the report.

18. Private Session

Resolved:

In accordance with Section 100(A)(4) of the Local Government Act 1972 and in view of the nature of the business to be transacted, to exclude the press and public from the meeting during discussion of the following item as there is likely to be disclosure of exempt information.

19. AUDIT COMMITTEE REPORT A/11/11 – RISK MANAGEMENT STRATEGY

The report was introduced by John Barnett for the North Yorkshire Audit Partnership and drew the Committee's attention to the appendices which provided details of the risks being managed by the Council.

In highlighting the prime objectives of the strategy he stressed the importance of active Risk Management, emphasised by the new scoring and traffic light system introduced.

He welcomed the recognition and recording of Partnership Risks and the importance of the Council's partners in identifying their risks.

RESOLVED:

To receive and endorse the report.

20. AUDIT COMMITTEE REPORT A/11/10 – REVIEW OF CORPORATE RISK REGISTER

This report was also introduced by John Barnett for the Audit Partnership, he drew the Committee's attention to the Register and Scoring System attached as appendices.

He informed the committee of the new risks that had been identified and that the report would be reviewed quarterly by Senior Officers of the Council.

The Committee asked that explanatory notes be introduced to the register to show mitigation or resolution on risk items. This was agreed.

RESOLVED:

To receive and endorse the report.

The meeting closed at 6:33 pm