



**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT THE TOWN HALL, PETERBOROUGH ON 3 NOVEMBER 2008**

Present: Councillors Hiller (Chairman), Gilbert, Kreling, Seaton, Harrington, Hussain and S Dalton.

Officers in attendance: Steve Crabtree, Chief Internal Auditor
John Blair, Head of Strategic Finance and Performance Improvement
Israr Ahmed, Contracts Legal Executive
Gemma George, Governance Support Officer

1. Apologies for Absence

Apologies were received from Councillor North.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Meeting held on 23 September 2008

The minutes of the meeting held 23 September 2008 were approved as an accurate and true record.

4. Internal Audit Progress Report: To 30 September 2008

The Committee received a report which highlighted the Internal Audit performance and progress in relation to the 2008/2009 Audit Plan. The report outlined the work undertaken by Internal Audit up to 30 September 2008, progress against the Audit Plan and any other issues of interest.

The Chief Internal Auditor highlighted the key points of the report to the Committee, including:

- Progress against the Audit Plan;
- Responses to Audit Reports;
- Status of recommendations; and
- Other performance matters

Members were asked to consider and comment on the report and the following issues were raised:

- Members sought clarification as to why certain audit assignments had taken longer to complete than the time originally allotted for them. Members were informed that timescales for audit assignments could fluctuate, either because of a change in scope or extent of an audit, or because of requests for special investigations which would take

precedence. Audits would then continue after any special investigations had been completed.

- Members queried whether the number of audits that showed revised timescales was normal and whether these figures reflected changes in scope to the audits or an increase in special investigations. Members were advised that special investigations certainly had an impact on the increase in timescales. However, the overall increase could be attributed to the higher level of coverage required for each audit.
- Members further queried whether any of the increased timescales could be attributed to records or lack of support received from the area being audited. Members were further advised that better processes were always welcomed as this was occasionally a factor.
- Members questioned how value for money was ensured. Members were informed that focus was pinpointed on the right areas highlighted by external auditors.
- A query was raised regarding the nature of any changes to be implemented to the plan in order to maintain and increase progress. Members were advised that new processes would be taken on board, and full use would be made of risk assessments. A full review of the audit plan would not need to be undertaken until the following year, when it would be re-assessed and amended if it was required.
- Members questioned whether reminders sent out in order to progress the finalisation of reports, were ever met with resistance. Members were advised that occasionally it was necessary to chase information. Also, as services which were audited generally included more than one area, a large amount of information collation was sometimes required which therefore led to a lag in response time.
- Members commented on the overall improvement in sickness levels and questioned whether, going forward, the learning academy approach would be implemented for future training. Members were advised that the development of third tier officers, the provision of training and extensive surveys across the council would all be implemented. Going forward, the development of future inspirational managers would be a key project.
- Members sought clarification on the reasons behind no rating for private fostering appearing in the audit. Members were informed that the scheduled time of the audit did not prove to be appropriate as there were changes being undertaken within the section. Members were further informed that there would be a rescheduled audit for the following year.
- Members queried the systems in place for replacing internal audit staff due to illness. Members were advised that while every audit post was filled, experienced agency staff were utilised when a gap was identified. Furthermore, a trainee auditor was also in place.

ACTION AGREED:

The Committee received the report and noted;

- (1) That the Chief Internal Auditor was of the opinion that based on works conducted during the 6 months to 30 September 2008, internal control systems and governance arrangements remained generally sound; and
- (2) The progress made against the plan and the overall performance of the section.

5. Use of Resources 2008/2009 Update

The Head of Strategic Finance and Performance Improvement submitted a report which updated the Committee on the preparation of the action plan for dealing with changes to the Use of Resources Assessment for 2008/2009.

The Audit Commission were responsible for designing and implementing the Use of Resources Assessment model. For 2008/2009 the assessment had been changed from the one in use, and formed part of the Comprehensive Area Agreement (CAA).

The new framework was based upon arriving at an overall assessment for Value for Money in the use of resources. This was supported by three themes:

- Managing finances;
- Governing the business; and
- Managing resources

Each of the themes would be given a score based upon key lines of enquiry (KLOE). The key lines of enquiry were generic across all organisations subjected to the CAA framework in order that there was a consistency in the measurement of performance.

Members were asked to consider and comment on the report and the following issues were raised:

- Members questioned who was coordinating and working on the project. Members were advised that a working group had been put in place which reported directly to the Head of Strategic Finance and Performance Improvement.
- Members sought clarification on the meaning of the term “the golden thread”. Members were informed that the term meant the linking of actions and outcomes across the Council, therefore providing a clear line of sight.

ACTION AGREED:

The Committee agreed the approach to preparation of the 2008/09 UoR Assessment.

6. Risk Management Update

The Director of Strategic Resources submitted a routine planned report detailing risk management and further highlighted to the Committee the revised Risk Management Strategy document.

The Board was informed that the initial Risk Management Strategy had received Cabinet approval in November 2004 which confirmed formally the Council’s continued commitment to the management of risk. Since that time, the Strategy had been updated regularly and the Audit Committee were the responsible group for Risk Management.

There had been a number of initiatives in order to embed risk management within the Council. These had included training sessions for members and

officers and the purchase of new software to facilitate the process. Also performance clinics, which had focussed on areas of poor performance and high risk, had been run with the Corporate Management Team.

The Risk Management Strategy document had been updated to reflect changes in best practise and to ensure compliance with CPA expectations. The changes which had been implemented were:

- Changing from a 6x4 to a 5x5 risk matrix
- That departmental risk registers were more closely linked to business plans
- That escalation criteria for departmental risks, considered by CMT, were more formalised
- That the prioritisation criteria were clarified
- That the strategy clarified action planning requirements for risk registers

Members were informed that work was being closely undertaken with Zurich to ensure consistency and to achieve the “golden thread”.

Members were further informed that the Strategic Risk Register was being worked on, and that this would be included as a future agenda item.

Members were asked to consider and comment on the report and the following issues were raised:

- Concern was expressed regarding the investments in the Icelandic Banks and whether risk assessment had been implemented. Members were assured that codes of practice had been adhered to with regards to treasury management. All monies had been spread widely, with no speculative investments.

ACTION AGREED:

The Committee approved the revised Risk Management Strategy.

7. Feedback and Update Report

The Chief Internal Auditor submitted the latest Update and Feedback Report for consideration.

Members were advised that papers highlighting over depreciation of assets and examples of trade debts over a year old had been added to the schedule.

ACTION AGREED:

The Committee noted the Update and Feedback Report.

8. Audit Committee Work Programme 2008/2009 Including any Training Needs

The Chief Internal Auditor submitted the latest version of the Work Programme 2008/2009 for consideration and approval.

Following a query regarding training, members were advised that a session would be arranged to take place before the next meeting of the Audit Committee.

The training session would incorporate debt management and write offs.

Members queried the possibility of the revision of audits to incorporate the impact of the credit crunch. Members were advised that audit plans were being reviewed and a number of reports on the credit crunch had consequently been produced, for example the Medium Term Financial Strategy. Members were further advised that information regarding the credit crunch would be fed back to them at the end of the year.

ACTION AGREED:

The Committee noted and approved the latest version of the Work Programme.

The meeting closed at 7.40 p.m.

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