

Audit Committee

Monday 24 September 2007

PRESENT:

Councillor Stevens, in the Chair.
Councillor Savery, Vice Chair.
Councillors Clarke, Drean, Fox and Kerswell.

Independent Member: Mr R Clark

Apologies for absence: Councillors Archer, Hutchings and Independent Member Mr D Fletcher.

The meeting commenced at 2.30 pm and concluded at 4.05 pm.

17. DECLARATIONS OF INTEREST

The following declaration of interest was made in accordance with the Code of Conduct in relation to an item under discussion at this meeting –

Name	Subject	Reason	Interest
Councillor Kerswell	Strategic Risk Register – Monitoring Report (Item 8)	Member of CityBus Ltd	Personal

18. MINUTES

Resolved that the minutes of 27 June, 2007 (AC 12 07/08), be approved. Members were updated on the following resolutions –

- (1) with regard to resolution 5 (3), an advertisement had been prepared to recruit a new independent member to Audit Committee;
- (2) with regard to the resolution under minute 8, this would be updated under agenda item 8.

CHAIR'S URGENT BUSINESS

19. Councillor Savery

The Chair welcomed Councillor Savery back and commented on the news that Councillor Savery was standing down at the next elections. The Chair thanked him for his previous work.

20. Change of Appointed Auditor

The Chief Auditor advised the Committee that due to Peter Lawrence's resignation from the Audit Commission, Alun Williams had been appointed his successor as District Auditor to complete the 2006-07 audit only. The Audit Commission had already appointed Grant Thornton for 2007-08. The Committee were asked to respond if there were any comments or objections. The Chief Auditor informed the panel that she had no representation to make.

Resolved that the Director for Corporate Resources inform the Audit Commission that there were no objections.

(In accordance with Section 100 (B)(4)(b) of the Local Government Act, 1972, the Chair brought forward the above items because of the need to inform Members.)

21. **AUDIT COMMITTEE FORWARD WORK PLAN**

The Director of Corporate Resources submitted the Audit Committee's work plan to September, 2008 and informed members that –

- (i) 30 June 2008 and 29 September 2008 were the latest possible dates that reports relating to the Statement of Accounts could be submitted;
- (ii) a request had been made by the Director for Corporate Resources for meetings in the next municipal year to be held on another day other than Monday or Tuesday. The Committee could consider days such as Wednesday or Thursday instead.

Resolved that with regard to (ii) above, the Chair asked Democratic Support to liaise with Councillors on a favoured day and ensure that there were no clashes with other committees.

22. **AUDIT COMMISSION ANNUAL GOVERNANCE REPORT & PLYMOUTH CITY COUNCIL RESPONSE TO ANNUAL GOVERNANCE REPORT**

The Director of Corporate Resources submitted a report on Audit Matters of Governance Interest (ISA 260) in relation to the Council's Statement of Accounts 2006/07, and provided a response to the Audit Commission's Annual Governance letter, outlining changes made to the Accounts. Members were informed that –

- (i) the Annual Governance letter used to be named the Annual Audit Letter. The new format was much more prescribed and was now a statutory element;
- (ii) key issues identified by the audit commission were outlined as follows –
 - The way that the council had accounted for leases
 - The timing in relation to receiving audited group accounts
 - Accounting for depreciation in the Housing Revenue Account (HRA)
 - Reconciliation and valuation of the Council's fixed assets
 - Support service recharges to the HRA
- (iii) there had been significant improvements made to the Council's financial statements and it was anticipated that the Council would receive an unqualified opinion by the end of this week. The Statement on Internal Control (SIC) had been prepared according to guidance specified by CIPFA;
- (iv) there was work to be done to improve the Council's accounting for fixed assets. Audit had identified some significant material errors, which had been corrected in the accounts. An action plan had been prepared to prevent errors recurring in future years;
- (v) an estimated figure had been used in the accounts for Plymouth City Council's share of the Devon County Pension Fund. Actual figures had now been made available. However, the Council, in agreement with the audit commission, has kept the estimated figure in the 2006/07 Statement of Accounts;
- (vi) last year, a summary statement of accounts was issued and sent out to partners etc. It was made easily accessible, however, there was little response and the cost was relatively high. Members needed to decide whether they would like to issue a similar summary in relation to the 2006/07 accounts;

The Chair thanked the officers for their presentation.

Resolved that with regard to (vi) above, a couple of members from the committee be invited as soon as possible to discuss options for distributing the summary statement of accounts in detail. Chair and Vice-Chair would follow this up with input from any of the other committee members.

23. **STRATEGIC RISK REGISTER - MONITORING REPORT**

The Director for Corporate Resources provided a summary of the Strategic Risk Register monitoring exercise completed for the period January to July, 2007. Members updated as follows –

- (i) at the last meeting of the Committee, Members had requested an update on the “red” risks reported in Operational Risk Registers, these being the Plymouth and West Devon Record Office (PWDRO), the Condition of the Hoe Foreshore and the Civic Centre Listing;
- (ii) with regard to the PWDRO, a Heritage Lottery Fund Bid had been submitted the result of which would be known in December. If successful, a more ambitious plan for relocating the Records Office would be possible. An update would be provided to the next meeting;
- (iii) with regard to the Hoe Foreshore, a revised health and safety risk assessment was due to be presented to Cabinet for approval on 25 September 2007 recommending closure of the men’s pool and demolition of the Leander diving stage, but to retain the main diving stage. Also more definitive signage for safety would be put in place. Other improvements to the Foreshore would be in line with the existing capital approval;
- (iv) with regard to the Civic Centre, this risk was now included on the Strategic Risk Register. There was a report going to Cabinet on 25 September 2007 proposing to demolish the listed building and relocate to Bretonside. Listed building consent was required which could take up to twelve months to move forward if agreed;
- (v) in respect of the Strategic Risk Register, it was reported that on red risk and two amber risks were now being reported as green to reflect effective management controls now in place. These were –
 - Service to Children at Risk – officers were satisfied that controls were working effectively and that all action plans arising from external inspections had now been implemented;
 - IT Strategy – significant improvements to IT infrastructure and resilience
 - Local Development Framework – from 362 planning authorities only seven Area Action Plans had been approved by the Planning Inspectorate and three were from Plymouth;
- (vi) with regard to MTFP issues and financial and liability implications of significant partnership arrangements, the red risk score was reported as unchanged but a positive direction of travel arrow indicated an improvement in controls now in place;
- (viii) with regard to the structural condition of properties on the North Prospect estate, an estimated £20m of repairs had been identified to deal with structural issues on council owned properties. The estate had potential structural problems being caused by rusting wall ties which posed a higher risk. Discussions were ongoing with a core group of residents, English Partnerships, the Housing Corporation and Ward Members. Members would

receive an updated position at the next meeting.

The Chair thanked the officers for the excellent work gone into the report.

Resolved that –

- (1) the report be noted;
- (2) with regard to (iv) above, officers clarify if whether the Civic Centre and the Council House were classed together as the same building;
- (3) with regard to (viii) above, members receive an update at the next meeting on the North Prospect estate and what was being done on other estates in a similar position.

24. **INTERNAL AUDIT STRATEGY AND CHARTER**

The Director for Corporate Resources submitted a report on the updated Internal Audit Strategy and Charter and informed members that –

- (i) the audit committee last approved the current Internal Audit Strategy and Charter in April 2005, which were based on guidance provided in the Chartered Institute of Public Finance & Accountancy's (CIPFA) 2003 Code of Practice for Internal Audit in Local Government;
- (ii) a revised version had now been prepared which incorporated minor changes in line with CIPFA's latest code;
- (iii) in response to a query gtom Audit Committee, the Chief Auditor explained that she felt she effectively still had organisational independence. The Code of Practice recommends that the Head of Audit should not report to anyone lower than the Corporate Management Team (CMT). In restructuring financial services, the Director for Corporate Resources felt the need for extra support thus creating the additional post of Head of Finance, Governance and Planning.

The Chair asked that thanks be relayed to the Internal Audit team for their continuing hard work.

Resolved that the proposed revised Internal Audit Strategy and Internal Audit Charter (Terms of Reference) be approved.

25. **WHISTLEBLOWING POLICY**

The Director for Corporate Resources submitted a report updating the Council's policy "Public Interest Disclosure Act 1998 – Confidential Reporting Code and informed members that –

- (i) this policy was implemented in June 2000 and has been reviewed and updated in line with best practice and re-named the Whistleblowing Policy;
- (ii) the policy had been completely revamped, promoting openness and transparency. It encourages members of staff to report concerns about any aspect of the Council's work;
- (iii) some members of staff would have been unaware of the original policy's existence but staff had now been advised that the policy was being updated and further publicity would follow the policy's approval;
- (iv) staff may have felt inhibited in the past from whistleblowing. This policy now

emphasised the support available to any member of staff in these situations;

- (v) the policy now included a more robust system of dealing with arrangements for receiving and acting upon disclosures from members of staff;
- (vi) a lot of consultation had been carried out including CMT, Trade Unions, Audit Commission, and the new External Auditor. The policy had also been compared to the policies administered by a selection of 4 star rated authorities;
- (vii) the policy applied to all employees and those contractors working for the council. This included agency workers and suppliers and those providing services under a contract with the Council in their own premises;
- (viii) with regard to contractors, the Council would insert reference to the Whistleblowing Policy into agreements to make them aware of the policy. Consideration would also be given on how best to inform partners;
- (ix) with regard to members of the public, the policy only applies to members of staff. However, the Council does get referrals from members of the public and the Council welcomed this;
- (x) when the policy is published, regular monitoring would be put in place. This would be reported back to the Audit Committee as and when necessary.

Resolved that the Audit Committee –

- (1) approve the Whistleblowing Policy with the inclusion of another sentence covering if the member of staff was not satisfied with the outcome of the referral;
- (2) recommend to the City Council that the Whistleblowing Policy be included in Part Seven of Plymouth City Council's Constitution.