

# Audit Committee

Friday 16 March 2012

## PRESENT:

Councillor Dr. Mahony, in the Chair.  
Councillor Stevens, Vice Chair.  
Councillors Evans and Stark.

Co-opted Representatives: Mr Clarke and Mr Stewart

Also in attendance: Mike Hocking (Head of Corporate Risk and Insurance), Martin Gould (Internal Auditor), Barry Morris (a representative of Grant Thornton External Auditors), Chris Trevitt (Head of Capital and Assets), David Northey (Head of Finance) and Helen Rickman (Democratic Support Officer).

The meeting started at 10.00 am and finished at 12.00 pm.

*Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.*

## 49. **DECLARATIONS OF INTEREST**

There were no declarations of interest made by Councillors in accordance with the code of conduct.

## 50. **MINUTES**

Agreed that the minutes of 16 December 2011 are approved as a correct record.

## 51. **CHAIR'S URGENT BUSINESS**

There were no items of Chair's urgent business however the advertisement for the vacant independent member post was discussed under this item. The Committee was informed that an advert was published in various local papers in February 2012 – the Committee would await progress.

As a result of this update some Members raised concerns regarding the robustness of the procedure with regards to selecting independent candidates as it was highlighted that two former independent members were currently standing for election for the Conservative party. There was some concern that the independence of some of the independent members was being compromised because of this.

Agreed that the Constitutional working group is asked to consider the recruitment process of independent members as two former independent members are currently standing for the Conservative party.

52. **STRATEGIC RISK REGISTER MONITORING REPORT**

Mike Hocking, Head of Corporate Risk and Insurance, provided the Committee with an update on the Strategic Risk Register Monitoring Report.

The Committee was informed that –

- (a) the information Lead Officers Group would meet for the first time in the week commencing 19 March 2012;
- (b) the risk score for Amber Risk 77 'Carbon Reduction Commitment Energy Efficiency Scheme' had decreased due to commitments being achieved via a number of initiatives.

In response to questions raised it was reported that –

- (c) officers were due to meet to discuss the impact of the National Health Service changes to the Council; it was highlighted that the risks were not being ignored despite them not being listed on the risk register;
- (d) Mike Hocking, Head of Corporate Risk and Insurance, would inform the Director for People of the Committee's concern regarding the risks associated with the National Health Service changes and would ask on the Committee's behalf what efforts the Council was making to have sight of the register;
- (e) with regards to Amber Risk 46 'Information Governance' an Information Lead Officers Group had been established to provide a consistent approach to information governance across the Council;
- (f) Richard Woodfield, Corporate Information Manager, would have information on statistics available on how information requests were dealt with;
- (g) Mike Hocking, Head of Corporate Risk and Insurance, would re-write the last sentence of the Information Governance table on page 15 of the agenda pack so that it stated that the object of the Information Governance group was to look after the interests of the people of Plymouth;
- (h) Mike Hocking, Head of Corporate Risk and Insurance, would provide the Committee with a position statement on the risk associated with the requirement for extra Primary school places in Plymouth.

Agreed that –

1. the report is noted;
2. Mike Hocking, Head of Corporate Risk and Insurance, would inform the Director for People of the Committee's concern regarding the risks associated with the National Health Service changes and would ask on the Committee's behalf what efforts the Council was making to have sight of the register;

3. Mike Hocking, Head of Corporate Risk and Insurance, would re-write the last sentence of the Information Governance table on page 15 of the agenda pack so that it stated that the object of the Information Governance group was to look after the interests of the people of Plymouth;
4. Mike Hocking, Head of Corporate Risk and Insurance, would provide the Committee with a position statement on the risk associated with the requirement for extra Primary school places in Plymouth.

53. **INTERNAL AUDIT ANNUAL PLAN 2012 - 2013**

Martin Gould, the Council's Internal Auditor, provided the Committee with an update on the Internal Audit Annual Plan 2012-13. The Committee was introduced to Rob Hutchings who was to replace Sue Watts, Chief Auditor.

The Committee was informed that –

- (a) the Internal Audit Annual Plan was formulated using a similar plan as last year;
- (b) the plan included the corporate risk register, previous audit work, staffing changes;
- (c) the plan was used to help inform external audit with key financial systems work;
- (d) Internal Audit Officers were analysing the implementation of the new payroll system as well as the health integration transition and the significant risks associated with it; it was recognized that this was a key risk for Torbay, Plymouth and Devon;
- (e) anti fraud and corruption was considered to be a high priority; officers were aiming to increase actively in this areas and systems of work in terms of fraud, testing those areas;
- (f) the previous financial management in schools had been abolished and replaced with the schools financial value standard; this was a less bureaucratic system;

In response to questions raised it was reported that –

- (g) Internal Audit were working closely with various parties with regards to re-commissioning as a result of the Government Health Reforms; officers were ensuring that risks were appropriately managed;
- (h) the total number of audited days, as stated in Appendix I of the report, had reduced by 60 days;
- (i) Academies are required to have an internal audit and Martin Gould and some of his colleagues were undertaking some of this work;

- (j) Martin Gould considered that the appropriate amount of information was provided to the Audit Committee however Barry Morris considered that the number of days for issues to be audited needed to be included in the plan;

Agreed that the report is noted.

54. **AUDIT PLAN 2011 - 2012**

Barry Morris, a representative of Grant Thornton External Auditors, provided the Committee with an update on the Audit Plan 2011/12.

The Committee was informed that –

- (a) the accounting standard for heritage assets had been introduced to the Audit Plan 2012-2012;
- (b) the Council was adopting a new asset register and assets would need to be valued;
- (c) the valuation for the Life Centre needed to be accounted for;
- (d) the accounting treatment for the Tamar Bridge and Torpoint Ferry Committee needed to be amended in order to change the bridge and ferry back into single entity accounts;
- (e) the Annual Governance Statement had not received any challenges for several years;
- (f) value for money for the Council would be assessed;
- (g) there was a 10% reduction on the audit fees in comparison to the previous year;
- (h) the council was required to register and price its heritage assets; a pragmatic approach was required which would specify when the assets were last valued, what the valuations were and if a re-classification of assets was required.

Agreed that –

1. Barry Morris would provide the Committee with copies of the information leaflet entitled 'Is Your Audit Committee Effective?'
2. Mike Hocking, Head of Corporate Risk and Insurance, would provide the Committee with an update on the Royal Parade crossing with regards to the current risks associated in leaving it in its current state.

55. **AUDIT FEE LETTER 2012 - 2013**

The setting of Audit Fees had been deferred due to a procurement process being held by the Audit Commission; Grant Thornton, the Council's external auditor, was successful in the process and would communicate fees in June 2012.

56. **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2012 - 2013 UPDATE**

The Head of Finance provided the Committee with an update on the Treasury Management Strategy Statement and Annual Investment Strategy 2012/13.

Members were informed that advice received from Arlingclose, the Council's independent treasury management advisors, suggested that the requirement of a minimum short-term rating should be removed whilst maintaining the long-term rating requirement for new investments at A-.

In response to questions raised it was reported that –

- a) a policy review would be incorporated into the Committee's work programme in order to assess the success of the strategy;
- b) the definition of short term with regards to 'short term rating' was considered to be 30 days;
- c) officers were happy to provide treasury management specific training for members.

Agreed that the Audit Committee recommend to Full Council that –

1. the removal of the short-term rating requirement from the criteria required for the inclusion of organisations on the Council's list of proposed Counterparties for new investment in 2012-13;
2. the organisations and Counterparty limits as set out in Appendix A.

57. **AUDIT COMMITTEE FORWARD WORK PLAN**

The Committee noted the work programme for 2011/12 and agreed to include the following items:

- Treasury Management Review – for discussion in June 2012;
- Audit Fee Letter – for discussion in June 2012.

Under this item Councillor Evans raised a vote of thanks to the Chair and the Committee; the Chair, in response, thanked the Committee and the help provided by Officers.

58. **CENTRALISATION OF TREES UPDATE**

Chris Trevitt, Head of Capital and Assets, provided the Committee with an update on the centralisation of trees.

The Committee was informed that –

- (a) there were lots of risks to members of the public associated with trees, including tripping over roots and parts of trees falling on passers by;
- (b) a risk assessment was undertaken on ex Housing Revenue Account funded land and the Council's Street Scene Services had been contacted to monitor and maintain the land;
- (c) Street Scene Services had undertaken 75 tree rectification works resulting in the risk being reduced from red to amber;
- (d) the highway's department were responsible for maintaining pavements, as part of the public highway, in Plymouth;
- (e) schools would need to contact Street Scene Services to do a tree risk assessment.

Agreed that the report is noted.

59. **EXEMPT BUSINESS**

There were no items of exempt business.