

# Audit Committee

Friday 25 September 2009

## PRESENT:

Councillor Sam Leaves, in the Chair.

Councillor Vincent, Vice Chair.

Councillors Martin Leaves (Substitute for Councillor Stark), Thompson and Tuohy.

Independent Members: Mr R Clarke, Ms L Myles and Mr I Stewart.

Apology for absence: Councillor Stark.

The meeting started at 10.00 am and finished at 12.35 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.*

## 12. DECLARATIONS OF INTEREST

The following declarations of interest were made in accordance with the Code of Conduct –

Name	Minute No. and Subject	Reason	Interest
Councillor Martin Leaves	Minute 16 Statement of Accounts 2008-09	Relative employed by Plymouth City Bus Ltd	Personal
Councillor Sam Leaves	Minute 16 Statement of Accounts 2008-09	Relative employed by Plymouth City Bus Ltd	Personal
Councillor Vincent	Minute 16 Statement of Accounts 2008-09	Relative employed by Plymouth City Bus Ltd	Personal

## 13. MINUTES

Resolved that the minutes of the meeting held on 25 September 2009 are confirmed as a correct record.

## 14. CHAIR'S URGENT BUSINESS

There were no items of Chair's urgent business.

## 15. PLYMOUTH CITY COUNCIL AUDIT OF ACCOUNTS 2008-09 - ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE

The City Council's external Auditor, Grant Thornton, submitted a report highlighting the key issues affecting the results of the Council and the preparation of its financial statements for the year ended 31 March 2009. The Committee was advised that –

- (i) the audit was substantially completed although procedures were being finalised in the following areas –

- (a) audit of the Group accounts, to include reviewing the responses from the external auditors of group organisations, which have been requested to be received before 18 September 2009;
  - (b) receipt and review of the letter of representations;
  - (c) review of the final version of the statement of accounts;
  - (d) updating the post balance sheet events review to the date of signing the accounts;
- (ii) with regard to (i) a. above, the Group accounts included organisations that the Council had significant interest in which included the Tamar Bridge and Torpoint Ferries, the Theatre Royal and Plymouth City Bus Ltd; the Group accounts were unable to be signed off until confirmation had been received that their accounts were fair and accurate;
  - (iii) the external auditor for Plymouth City Bus Ltd, PricewaterhouseCoopers, had a number of concerns that had currently not been addressed and until such time as these were, Grant Thornton would be unable to provide an opinion on the Group accounts; this may result in the statutory deadline of 30 September 2009 for signing off the accounts being missed (the Audit Commission had been made aware of this position);
  - (iv) officers had only been made aware of this position at a very late stage; in order to prevent this situation from arising in future years, work would be undertaken with the subsidiary organisations to ensure any delays were notified in a timely manner.

In response to their questions, the Committee were advised that –

- (a) a risk review of senior officers' expenses had been undertaken;
- (b) credit ratings of those companies the Council had investments in were monitored on a daily basis; the Treasury Management Board met on a weekly basis, in order to respond to changes more promptly; information on the credit ratings could be made available to Committee Members;
- (c) it was possible that the Council's late submission of its accounts, due to the information awaited from Plymouth City Bus Ltd, may have an impact on its assessment scores;
- (d) there were no concerns relating to the accounts of Plymouth City Bus Ltd but the information awaited would demonstrate whether the organisation was a going concern;
- (e) although in previous years there had been problems with the provision of information from Plymouth City Bus Ltd, a meeting had been held in January 2009, where clear expectations had been set out;
- (f) although usage records of vans were kept, the Council was currently investigating the purchase of a tracker system;
- (g) an action plan on the Use of Resources would be submitted to a future Committee meeting.

Resolved that Grant Thornton's report on Plymouth City Council's Audit of Accounts 2008-09 Annual Report to those Charged with Governance is noted.

16. **STATEMENT OF ACCOUNTS 2008/09**

The Director for Corporate Support submitted a report outlining the amendments made to the Statement of Accounts for 2008-09 which had previously been approved by the Committee at its meeting on 26 June 2009. The Committee was advised that the minor changes were in relation to –

- Debtors/Creditors
- Government Grants Deferred Account
- Icelandic Bank Investments
- Pension Liability
- Post Balance Sheet Event

Resolved that –

- (1) subject to Grant Thornton receiving confirmation from Plymouth City Bus Ltd's external auditors that they were able to provide an unqualified opinion on Plymouth City Bus Ltd's financial statement, the Audit Committee delegate authority to the Director for Corporate Support in consultation with the Chair and Vice Chair to approve Plymouth City Council's Statement of Accounts 2008-09;
- (2) if Grant Thornton received a qualified opinion on Plymouth City Bus Ltd's financial statement, the Audit Committee would re-convene prior to the authorizations of Plymouth City Council's Statement of Accounts 2008-09.

17. **PROGRESS REPORT - INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) TRANSITION PROJECT**

The Director for Corporate Support submitted an update report on the transition project to produce the statutory accounts on an International Financial Reporting Standards (IFRS) basis.

Arising from a question from the Chair, it was reported that the subsidiary companies were not required to produce accounts under the International Financial Reporting Standards (IFRS). Although, the format for these accounts would need to be amended to comply with IFRS as part of the City Council's accounts.

Resolved that the progress to date of the International Financial Reporting (IFRS) Transition Project is noted.

18. **2008-09 AUDIT PLAN PROGRESS REPORT**

Grant Thornton submitted a report detailing the progress on the external audit 2009-10.

Resolved that the report is noted.

19. **OPERATIONAL RISK MANAGEMENT UPDATE REPORT**

The Director for Corporate Support submitted a report outlining the progress being made across services in delivering Operational Risk Registers based on the new approach.

The Committee recognised the work undertaken by Julie Hosking, Risk Management and Insurance Officer during the Corporate Risk Manager's recent absence.

In response to their questions, the Committee was advised that –

- (i) the minutes of the Operational Risk Management Group were submitted to the senior and council management teams;
- (ii) by inviting Directors to attend future Committee meetings, this would provide a perspective of what was happening at ground level and also demonstrate that the Committee took this matter seriously.

Resolved that –

- (1) the progress made with the development of the new approach to operational risk management is noted;
- (2) copies of the Operational Risk Management Group's minutes are circulated to Committee Members;
- (3) Directors are requested to attend future meetings of the Audit Committee to provide feedback on the operational risk management within their departments.

20. **STRATEGIC RISK REGISTER MONITORING REPORT**

The Director for Corporate Support submitted a report summarising details of the latest formal monitoring exercise completed for the Risk Register for the period March 2009 to August 2009.

Resolved that the report is noted and the current position is endorsed.

21. **RISK MANAGEMENT - ANNUAL REPORT**

The Director of Corporate Resources submitted the Risk Management Annual Report. The report –

- (i) summarised the work carried out during 2008/09 to develop the Council's approach to risk management and covered -
  - Corporate and Operational Risk Management Groups
  - Risk Registers
  - Performance Management and Business Planning
  - Code of Corporate Governance
  - Statement on Internal Control/Annual Governance Statement
  - CPA Use of Resources Assessment
  - Comprehensive Area Assessment
- (ii) provided information on the focus of proposed risk management activity over the next twelve months following the transition from Comprehensive Performance Assessment of local government to Comprehensive Area Assessment in April 2009.

Following comments from the Chair relating to the 'ePerform' system, it was suggested that a member of the Policy and Performance unit be invited to a future meeting of the Committee to demonstrate the system and assist Members understanding.

Resolved that –

- (1) the report is noted;
- (2) a member of the Policy and Performance unit is invited to attend a future Committee meeting to demonstrate the 'ePerform' system.

22. **WORK PROGRAMME 2009-10**

Resolved that the work plan -

- (1) for December 2009 to September 2010 is noted;
- (2) includes the following items for the January 2010 meeting –
  - (a) how the Audit Committee links to the decision-making process of the

Council;

(b) the provision of training.

23. **EXEMPT BUSINESS**

There were no items of exempt business.

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