

**AUDIT COMMITTEE  
9TH MARCH 2010**

PRESENT: Mr P. Blakemore (Independent Member and Chair)  
Councillor Jukes (Vice-chair)  
Councillors Capleton, Day, Hodgson, Miah and Walker

The Director of Governance and Procurement attended as Lead Director for the Committee.

40. MINUTES

The minutes of the meeting of the Committee held on 1st December 2009 were confirmed as a correct record and signed.

41. DISCLOSURES OF PERSONAL INTEREST

No disclosures of personal interest were made.

42. WORK PROGRAMME

The Committee's current work programme was submitted to enable it to consider any amendments and/or additions for future meetings (item 4 on the agenda filed with these minutes).

In particular, the Director of Housing and Health had advised that the EMS Audit had been rescheduled from February to mid March 2010. Therefore, it had not been possible to provide the annual report on Outcomes of Environmental Audits for this meeting and the Committee was asked to reschedule its consideration of the matter to 6th July 2010.

**RESOLVED**

1. that the issue "Ethical Investment Policy" be deleted from the Committee's work programme;
2. that the Committee proceeds on the basis of the following work programme, which incorporates all decisions made at this meeting:

<b>ISSUE</b>	<b>MEETING</b>
2009/10 Statement of Accounts	15th June 2010 Annually, prior to consideration by Council in June.
2009/10 Annual Governance Statement and Review of the Code of Corporate Governance	15th June 2010 Annually

2009/10 Annual Internal Audit Report	15th June 2010 Annually
2009/10 Review of the effectiveness of Internal Audit (Feedback from Panel)	15th June 2010 Annually
Members' Allowances Claimed 2009/2010	15th June 2010 Annually
<b>External Audit Business</b>	Ongoing
Annual Governance Report 2009/10	15th June or 21st September 2010 Annually
Annual Governance Report 2008/09 Use of Resources Findings - Management Response - Monitoring Implementation of Actions	6th July 2010 Quarterly
Certification of Claims and Returns (2009/10 Audit)	8th March 2011 Annually
<b>Internal Audit Business</b>	Ongoing
Internal Audit Plan 2009/10 – Progress	6th July 2010 Quarterly  July 2010 report to include progress on Planned Actions resulting from IT Health Check 2009.
International Financial Reporting Standards (IFRS) – Implementation Progress	6th July 2010 Quarterly
Risk Management (Risk Register)	6th July 2010 Quarterly - detailed report every six months, exception report quarters in-between.
Environmental Audits – Report on Outcomes	Last considered January 2009. 6th July 2010 Annually
Heritable Bank Plc (Iceland) Update	6th July 2010 Every Six Months
CIPFA Consultation – Draft Statement – Role of Head of Internal Audit	6th July 2010
Treasury Management And Borrowing under Prudential Guidelines	21st September 2010 Annually (following consideration by Performance Scrutiny Committee).
Annual IT Health Check (Code of Connection) <i>Confidential Report</i>	7th December 2010 Annually

Internal Audit Plan 2011/12	8th March 2011 Annually
2010/11 Review of the Effectiveness of Internal Audit (Procedure and Panel Appointment)	8th March 2011 Annually

Reasons

1. This issue had been included on the work programme by the former Performance and Audit Scrutiny Committee. The Council's Treasury Management Strategy did not include an ethical investment policy and, currently, there were no plans to implement such a policy. The Council invested money (rather than buying shares). Given the position, the Committee wished to delete the matter from its work programme.
2. The Committee considered its programme and amended it to ensure it considered matters appropriate and necessary to its role in a useful and timely manner.

43. CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT  
FEBRUARY 2010 (2008/09 AUDIT)

The first annual report of the External Auditor was submitted summarising the findings from the certification of 2008/09 claims (item 5 on the agenda filed with these minutes).

Mr A. Benselin of the Audit Commission (Council's External Auditor) attended to assist the Committee.

**RESOLVED** that the report be noted.

Reason

Having considered the report, the Committee had no areas of concern or actions that it wished to include as part of its decision.

44. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) –  
IMPLEMENTATION PROGRESS

A quarterly report of the Interim Chief Executive was submitted on how the implementation of IFRS at the Council was progressing (item 6 on the agenda filed with these minutes).

The Head of Financial Services attended to assist the Committee.

**RESOLVED** that the position be noted.

### Reason

The Committee was content with the current position and had no areas of concern or actions that it wished to include as part of its decision.

#### 45. OFF-SITE STORAGE OF COMPUTER DATA – FEEDBACK ON COMMENT TO CABINET

A report of the Acting Director of Programmes and Resources was submitted outlining the Cabinet's response to the Committee's comments on this matter (item 7 on the agenda filed with these minutes).

**RESOLVED** that the response be noted.

### Reason

Off-site storage of computer data was now being provided at North West Leicestershire District Council's offices and the Committee was content that arrangements for such storage were now in place. The arrangement was reciprocal and involved the physical transfer of information. The Committee considered that it would be appropriate to look into whether the transfer could be done electronically at a future stage.

#### 46. EXTERNAL AUDIT – ANNUAL GOVERNANCE REPORT 2008/09 – USE OF RESOURCES – MANAGEMENT RESPONSE – MONITORING IMPLEMENTATION

A quarterly report of the Director of Governance and Procurement was submitted outlining progress (at end January 2010) towards implementing the actions proposed in response to areas for improvement outlined in the External Auditor's Use of Resources assessment (item 8 on the agenda filed with these minutes).

The Head of Performance and Audit attended to assist the Committee. In response to a question, he provided explanation of what Area for Improvement 6 (Benchmarking) involved and agreed to include that explanation in future reports to the Committee.

**RESOLVED** that the progress be noted.

### Reason

Having considered the progress set out in the report, the Committee had no areas of concern or actions that it wished to include as part of its decision.

#### 47. INTERNAL AUDIT – INTERNAL AUDIT PLAN 2009/10 – PROGRESS

A quarterly report of the Director of Governance and Procurement was submitted setting out progress against the 2009/10 Audit Plan and outlining key findings of final audit reports and follow up work completed since the last report to the Committee (item 9 on the agenda filed with these minutes).

The Head of Performance and Audit attended to assist the Committee. In response to a concern regarding the age of some debts (Debtors audit report), he stated that he would ask the Head of Financial Services to provide members of the Committee with a brief explanation of how and when those debts were written off (or if they remained indefinitely).

**RESOLVED** that progress on the Internal Audit Plan 2009/10 be noted.

Reason

The information in the report is necessary to the Committee's role of monitoring audit work in the Council.

48. INTERNAL AUDIT – INTERNAL AUDIT PLAN 2010/11

An annual report of the Director of Governance and Procurement was submitted setting out the proposed Internal Audit Plan for 2010/11 and the updated Strategic Audit Plan for 2010 to 2013 (item 10 on the agenda filed with these minutes).

The Head of Performance and Audit attended to assist the Committee.

**RESOLVED** that the proposed Audit Plans be noted.

Reason

The information in the Plans is necessary to the Committee's role of monitoring audit work in the Council.

49. 2009/10 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT (PROCEDURE AND PANEL APPOINTMENT)

A report of the Director of Governance and Procurement was submitted setting out proposals for undertaking the annual review of the effectiveness of Internal Audit (item 11 on the agenda filed with these minutes).

The Head of Performance and Audit attended to assist the Committee.

**RESOLVED** that the proposals for undertaking the annual review of the effectiveness of Internal Audit be agreed and Mr Blakemore and Councillor Jukes be the two members of this Committee to participate in that review.

Reason

The Accounts and Audit Regulations 2006 (as amended) required the Council to review the effectiveness of its system of Internal Audit annually and to report the findings to the Council or a committee of the Council. The Committee considered the proposals for the review to be appropriate and to accord with the guidance

provided by CIPFA in that respect. The findings of the review would be reported to this Committee in June 2010.

50. RISK MANAGEMENT (RISK REGISTER)

A quarterly report of the Director of Governance and Procurement was submitted providing an update on the 2009/10 Strategic Risk Register and existing countermeasures and mitigating actions, advising on the latest quarterly position on the Strategic Risk Register and reporting any exceptions to the Operational Risk Register (item 12 on the agenda filed with these minutes).

The Head of Performance and Audit attended to assist the Committee.

**RESOLVED** that the report be noted.

Reason

Having considered the report, the Committee had no areas of concern or actions that it wished to include as part of its decision.

51. CIPFA CONSULTATION – ROLE OF HEAD OF INTERNAL AUDIT

A report of the Director of Governance and Procurement was submitted highlighting CIPFA's consultation on the drafting of a statement regarding the role of the Head of Internal Audit in public sector organisations (item 13 on the agenda filed with these minutes).

The Head of Performance and Audit attended to assist the Committee.

**RESOLVED** that the report be noted.

Reason

Having considered the report, the Committee had no responses it wished to submit to this initial stage of consultation, noting that a draft statement would be available for consultation in time for consideration by the Committee at its meeting on 6th July 2010.

Notes:

1. No reference may be made to these minutes at the Council meeting on 26th April 2010 unless notice to that effect is given to the Head of Democratic Services by five members of the Council no later than five working days following the publication of the minutes.
2. These minutes are subject to confirmation as a correct record of the Committee's decisions (at the next meeting of the Committee).