

# minutes



Meeting      AUDIT COMMITTEE

Date            16 March 2011 (commencing at 10.00 am)

## **membership**

Persons absent are marked with `A`

## **COUNCILLORS**

Sheila Place (Chair)

A      Mike Quigley MBE (Vice-Chair)

A      Chris Barnfather  
Mrs Kay Cutts  
Steve Garner  
Stan Heptinstall OBE  
A      Richard Jackson

Eric Kerry  
Carol Pepper  
Darrell Pulk  
Ken Rigby

## **OTHER COUNCILLORS IN ATTENDANCE**

Reg Adair                      -      Cabinet Member for Finance and Property

## **OFFICERS IN ATTENDANCE**

John Bailey                      )  
Simon Cunnington              )  
John Pearson                      )      Corporate Services Department  
Nigel Stevenson                )

Keith Ford                      -      Chief Executive's Department

## **ALSO IN ATTENDANCE**

Andrew Blackburn              )  
Mike Norman                      ) Audit Commission

## **MINUTES**

The minutes of the last meeting of the Committee held on 15 December 2010, having been circulated, were confirmed and signed by the Chair.

## **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Mrs Cutts and Councillor Mike Quigley MBE (who was on Nottinghamshire Police Authority business).

## **DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

No declarations of interests were made.

## **AUDIT OF FINANCIAL STATEMENTS 2010/11 – COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS**

John Bailey introduced the report which informed Members of the management processes in place concerning fraud and internal control, laws and regulations and potential for litigation and claims which could affect the Council's financial statements.

In response to Members' queries it was clarified that there had been a slight increase in investigations, which had been flagged by internal controls (including whistle-blowing procedures). The majority of these were of relatively low value, although one exceptional case involving a loss of £65,000 had been referred to the Police and was currently being progressed through the judicial system. All cases of fraud were discussed with the Police with regard to the potential for criminal prosecution as well as disciplinary action. It was estimated that the Council lost less than £50,000 a year on average as a result of fraud and that the existing controls would be further strengthened by the new business management system.

### **RESOLVED: 2010/025**

That the management processes in place be noted.

## **TREASURY MANAGEMENT ACTIVITY 2009/10**

Simon Cunnington introduced the report which included a copy of a report to be considered by the meeting of Council on 31 March 2011 that reviewed activity in 2009/10. In response to Members' queries, it was clarified that the difference between the average return achieved on lending figure of 1.2% and the benchmark figure of 0.4% was due to timing and a rapid decrease in the bank base rate in the previous year, rather than increased risk-taking or incorrect target setting.

### **RESOLVED: 2010/026**

That the report be noted.

## **TREASURY MANAGEMENT POLICY STATEMENT AND STRATEGY FOR 2011/12**

Nigel Stevenson introduced the report which included a copy of a report to be considered by the meeting of Council on 31 March 2011, seeking approval for the 2011/12 Treasury Management Policy Statement and Strategy. In response to Members' queries it was clarified that flexibility within the Strategy, to enable the Council to react to circumstances such as natural disasters and financial instability in specific countries, was achieved through ongoing monitoring by officers throughout the year. For example, although Irish Banks had remained on the approved lending list in the previous year, the Council had ceased lending to them in light of the economic issues in that country (those banks had now been removed from the latest list). If changes were required to the Strategy then they would need to be considered by Audit Committee and approved by Council.

**RESOLVED: 2010/027**

That the report be noted.

**AUDIT COMMISSION – CERTIFICATION OF CLAIMS AND RETURNS  
ANNUAL REPORT 2009/10**

Mike Norman introduced the report which related to the grants which the Council received from various departments of Central Government. Mr Norman highlighted that the previous annual report had raised concerns regarding the lateness of the claim for the School Centred Initial Teacher Training Grant, which was managed through George Spencer School. Some progress had been made on this issue in that the latest statement, although still late, had been received earlier than in the previous year.

**RESOLVED: 2010/028**

That the Certification of Claims and Returns Annual Report 2009/10 be noted.

**AUDIT COMMISSION –2010/11 PROGRESS REPORT**

Andrew Blackburn introduced this item and underlined that, despite the proposed abolition of the Audit Commission, his team remained committed to providing professional, high quality audit services in line with the Code of Audit Practice. The initial timescale for abolition was April 2012 but this would be subject to any changes arising from the legislative process. A further update would be given to the next meeting.

Mike Norman introduced the report which detailed progress made by the External Auditors with their 2010/11 Audit. The Government planned to produce a consultation paper in April 2011 about the accounts and audit responsibilities of councils. One proposal was that councils would not need to approve their accounts until September each year, based on the audited statements, whereas they were currently agreed in draft form before the end of June, published in September and approved in final form in October. The existing practice would continue until the new legislation was passed, at which point a report would be submitted to the meeting setting out new proposed processes. Members felt that Audit Committee should continue to receive the draft accounts in future, to enable any specific issues to be fully explored on behalf of Council.

**RESOLVED: 2010/029**

That the progress report be noted.

The meeting closed at 10.35 am.

**CHAIR**

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