

Minutes

Governance Committee

28th June 2012



Councillors	Present	Councillors	Present
S Canning	Yes	D M Reid	Apologies
M C M Lager (Chairman)	Yes	D E A Rice	Yes
D J Louis	Yes	V Santomauro	Yes
J M Money	Yes	C M Thompson	Yes

In attendance:

Trevor Wilson	Head of Finance
Phil Myers	Financial Services Manager
Matt Mills	Business Improvement Manager
Emma Wisbey	Local Governance Manager (Agenda item 17 only)
David Eagles	PKF (External Auditors)
Alison Langridge	PKF (External Auditors)
Alastair Peace	Member Services Manager

1. **DECLARATIONS OF INTEREST**

INFORMATION: There were no interests declared.

2. **MINUTES**

DECISION: That subject to Minute 39, Minutes, being amended from 12th March to 12th January, and Minute 49, Forward Look being amended to consider its own effectiveness, that the Minutes of the meeting of the Audit Committee held on 29th March 2012 be approved as a correct record and signed by the Chairman.

3. **QUESTION TIME**

INFORMATION: There were no questions asked or statements made.

4. **TERMS OF REFERENCE**

DECISION: That in the event of the Council needing to establish the Standards Sub-committee in advance the Governance Committee's next meeting, that authority be delegated to the Monitoring Officer in consultation with the Chairman of the Governance Committee and group leaders to receive nominations and determine the membership of the Standards Sub-committee.

REASON FOR DECISION: To enable the Standards Sub-committee to be established, if required, and ensure the Council has the framework and procedures in place should the Council receive a complaint in advance of the Governance Committee's next meeting.

5. **FOURTH QUARTER PERFORMANCE MANAGEMENT REPORT 2011/12**

INFORMATION: Members considered the amount of information the Committee would need to receive to effectively discharge its role.

For example in terms of completed projects, is there a need for information on whether those projects successfully completed were within budget and if the benefits identified in the business case had been delivered. Similarly, for projects being carried forward, if there is a need for information on the reasons for doing so, the implications in terms budgets, realising benefits, and lessons learnt for other projects. Also, for the project stopped, the reasons for doing so, the abortive costs and if the benefits identified in the business case still require to be delivered.

Members noted that the role of the Committee set out in the Constitution is to provide independent assurance of the adequacy of the control framework and scrutiny of the authority's performance to understand the extent that adverse performance may weaken the Council's control environment.

Members also noted that performance reports are considered by Cabinet and that the Committee had a role in how performance is managed in the Council. Members agreed that the Committee would need to ensure that it had sufficient information to interrogate the governance systems within the Council and that the Committee should receive reports after they had been received by Cabinet.

Members asked for fuller performance reports to future meetings including information on how the reports are handled within the Council.

Members also agreed that a training session on performance management arrangements in advance of a future Committee meeting would be useful.

6. **IMPACT OF FOREIGN CURRENCY EXCHANGE RATES - ICELANDIC BANKS**

INFORMATION: In response to a question, the Head of Finance and Financial Services Manager agreed to write to Councillor D Louis copying to all Committee members, providing a briefing on the changes introduced in the Council in the light of the situation with Icelandic banks.

DECISION: That the foreign exchange impact on recovery of the deposits held with Icelandic banks and the outcome of the annual impairment review for the 2011/12 Statement of Accounts be noted.

REASON FOR DECISION: To inform the Committee of the foreign exchange impact on the recovery of deposits held with Icelandic banks and outcome of the annual impairment review in response to the request made for additional information at the Audit Committee held on 29 March 2012.

7. **KEY FINANCIAL INDICATORS – 31ST MAY 2012**

INFORMATION: In response to a question on the debt outstanding on 31st March 2012, the Head of Finance agreed to email members clarifying the position.

DECISION: That the report on the Key Financial Indicators as at 31st May 2012 be noted.

REASON FOR DECISION: To provide evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues that may arise.

8. **INTERNAL AUDIT ACTIVITY FOR THE PERIOD TO 1ST JUNE 2012**

INFORMATION: it was agreed that future reports would include information on the completion of actions raised.

DECISION: That the Internal Audit Activity Report for the period 9th March 2012 to 1st June 2012 be noted.

REASON FOR DECISION: To advise the Committee of the audit assignments completed for the period.

9. **INTERNAL AUDIT ANNUAL REPORT 2011/2012**

INFORMATION: It was agreed that the next report would include more detailed information on the control of access to Causeway House. It was also agreed that an email would be circulated to Committee members confirming if agreed actions in the report have been completed, or if not completed, a timetable for their completion.

DECISION: That the Internal Audit Annual Report for 2011/2012 be accepted.

REASON FOR DECISION: To accept the Internal Audit annual report for 2011/2012 in support of the Annual Governance Statement.

10. **ANNUAL GOVERNANCE STATEMENT 2011/12**

INFORMATION: In considering the report, members agreed that at paragraph 10.2, improvements/developments identified, should include extending the governance arrangements to recognise the increased use of commissioning of services. Members also agreed that the section of the report on Core Principle 5, Developing the Capacity of Members and Officers, should include a reference that members of regulatory committees are required to undertake specific appropriate training.

DECISION: That subject to inclusion of the above comments, that it be recommended to Cabinet:

1. That the Annual Governance Statement for 2011/12, as detailed in Appendix A be agreed for signing by the Leader of the Council and the Chief Executive.
2. That the updated Local Code of Corporate Governance as detailed in Appendix B be agreed.

REASON FOR DECISION: To evidence that the Council has conducted a review of the effectiveness of its system of internal control for 2011/12, ensure that the Annual Governance Statement for 2011/12 is correct and in order for Cabinet to approve and the Leader of the Council and the Chief Executive to sign.

11. **AUDIT COMMISSION WORK PROGRAMME AND SCALE OF FEES 2012/13**

INFORMATION: In response to a question, the Head of Finance agreed to enquire with Management Board if the Council is planning to use a LGA Peer Review and to notify Committee members.

DECISION: That it be the notification of the audit fee charge for the 2012/13 audit be received and noted.

REASON FOR DECISION: To receive the notification from the Audit Commission of the charge to this Council for the 2012/13.

12. **CONSULTATION ON AUDITOR APPOINTMENT FOR 2012/13 AND FUTURE YEARS**

INFORMATION: Members considered that the Cabinet Member, Performance, should have been consulted in the decision. The Head of Finance agreed to advise the Cabinet Member, Performance, accordingly.

DECISION: That the decision made by the Chief Executive, Corporate Director (Section 151 Officer) and the Monitoring Officer that the Council has no objection to the Audit Commission's proposed re-appointment of PKF (UK) LLP as the Council's external auditor for five years, commencing 1st September 2012 be noted.

REASON FOR DECISION: To note the decision of officers regarding the proposed appointment of the Council's External Auditor by the Audit Commission.

13. **OPERATIONAL RISK MANAGEMENT**

INFORMATION: Members agreed that it would be helpful to invite the Cabinet Member, Performance, to a future meeting of the Committee to understand how he discharges his accountability for risk management.

DECISION: That the updated status of the Council's Operational Risks be noted.

REASON FOR DECISION: To demonstrate that the Council regularly updates the operational risks, which may affect the achievement of service objectives, and actively manages them as appropriate.

14. **TRAINING ARRANGEMENTS**

INFORMATION: Members noted that a training session had been arranged for Committee Members on the Statement of Accounts. The session would be open to all members.

Members agreed that a training session on Performance Management should be held before the Committee's next meeting and that Committee member training should be kept under review.

15. **AUDIT COMMITTEE ACTIVITIES 2011/2012**

DECISION: That the report be approved and presented to Council.

REASON FOR DECISION: To agree a report on the Committee's activities during 2011/2012 and to approve its presentation to Council.

16. **FORWARD LOOK – 2012/2013**

INFORMATION: Members agreed that it would be useful to have briefing on decision making and the principles behind it at a future occasion.

DECISION: That the report schedule for 2012/13 be noted.

REASON FOR DECISION: To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.

The meeting commenced at 7.15pm and closed at 9.16pm.

M C M LAGER
(Chairman)