

AUDIT COMMITTEE
Tuesday, 19th June 2012

PRESENT – *Councillor Riley (in the Chair); Councillors Kay and Browne.*

ALSO PRESENT

Karen Murray	– District Auditor
Paul Thompson	– District Auditor
Liz Hall	– Director of Financial Services
Paul Cutner	– Head of Corporate Finance
Colin Ferguson	– Audit and Assurance Manager
Paul Hankinson	– Audit and Assurance Manager
Phil Llewellyn	– Executive and Councillor Support Manager

APOLOGIES - *Councillors Sidat, Rigby and Khonat.*

RESOLUTIONS

1 **Minutes of the meetings held on 17th April 2012**

The minutes of the meeting held on 17th April 2012 were agreed as a correct record.

2 **Declarations of Interest**

There were no declarations of Interest

3 **External Auditors Progress Report**

The Council's External Auditors provided the Committee with a report on the current position of their work as of June 2012.

It was reported that an audit of the Council's financial statements would commence in early July 2012, with the findings of this audit being reported to the Audit Committee in September 2012.

The majority of the review Council's arrangements for the Council's arrangements for securing Value For Money had been completed and the final outturn position for 2011/12 and progress in delivering the 2012/13 budget would be considered in a report to the September meeting as part of the Annual Governance Report.

RESOLVED:

That the report on External Audit's progress be noted.

4 Treasury Management Report – March 2012 – May 2012

The Head of Corporate Finance provided Members with a report on the Council's Treasury Management function.

The report summarised the Interest Rates for the quarter, borrowing and lending movements, the Council's overall debt position and performance against Prudential and Treasury Indicators set by the Council.

RESOLVED:

That the Committee note the position with regard to the Treasury Management for the three months from March to May 2012.

5 Audit & Assurance – Progress and Outcomes to 31st May 2012

Members received a report which updated the Committee on the achievements and progress made by Audit & Assurance in the period from 1st April 2012 to 31st May 2012.

The report provided Members with a detailed outline of outcomes achieved in the year so far, including Counter Fraud, Insurance, Risk and Corporate Governance, Corporate and Departmental Systems and Audit & Assurance Performance.

RESOLVED:

That the Committee note the outcomes achieved to 31st May 2012 against the Audit & Assurance Strategy and Plan, which was approved by the Committee on 17th April 2012.

6 Strategic Risk and Resilience Forum Annual Risk Management Report 2011/12

Members were asked to consider the Strategic Risk & Resilience Forum Annual Risk Management Report 2011/12, which was a requirement of the Corporate Risk Management Strategy.

The Strategic Risk & Resilience Forum Annual Risk Management Report provided Members with a summary of risk management activity that had taken place across the Council over the past 12 months. This covered the work on corporate and departmental risk management, business continuity planning, information governance and insurance. It outlined risk management policies and practices now in place and the key issues that would be addressed during the coming financial year. It also included the outcome of the Risk Management Health Check carried out by Zurich Municipal.

The Corporate risk register contained a total of 12 risks and full details of all the risks were attached at Appendix 1.

Currently the top two corporate risks were Adequacy of Resources and Partnership arrangements and changes to other public sector services.

The report also made reference to the Risk Management Health Check which had been carried out by Zurich Municipal which had been reported in depth at the last meeting of the Committee. The management plan to implement the recommendations from the Health Check was attached at Appendix 2 of the report submitted.

In terms of the Risk Management Summary, the arrangements as set out in the Strategy had been undertaken throughout the year and it was considered that the Council continued to maintain robust risk management arrangements.

The report also set out progress in terms of Business Continuity, Information Governance and Information on Insurance policies, Claims Management and liabilities relating to the Council's former insurer, Municipal Mutual Insurance (MMI).

Details of Insurance Claims statistics for 2011/12 were attached at Appendix 3 of the report submitted.

RESOLVED:

That the Committee note the report.

7 Audit & Assurance Opinion Report for 2011/12

The Committee received a report from the Head of Audit & Assurance on Internal Audit's overall opinion on the adequacy of the Control Environment in the Financial Year 2011/12.

The Blackburn with Darwen Audit & Assurance Plan 2011/12 – Outcomes as at 31st March 2012 was attached at Appendix A of the report submitted.

RESOLVED:

That the Committee note:

1. In presenting this opinion, the Head of Audit & Assurance has followed the Code of Practice for Internal Audit in Local Government in the UK (the Code);
2. This report forms part of the sources of assurance for the Annual Governance Statement (AGS);

3. The Head of Audit & Assurance's opinion on the overall adequacy of the Council's control environment is that, overall, there is an adequate level of controls in place and that, in general, those controls identified have been complied with in practice; and
4. The most significant qualifications to this opinion during 2011/12 are in respect of the following areas:
 - Business Continuity Planning (compliance);
 - Central Cash Collection (control element);
 - Integrated Childrens Software (ICS) (compliance);
 - Information Governance (control and compliance);
 - Health & Safety (compliance);
 - Procurement (compliance), and
 - Sundry Debtors (compliance).

In each case action plans have been agreed with management to address the issues identified from the results of the audit work performed. The implementation of the agreed recommendations is monitored on an ongoing basis as part of the Audit & Assurance Strategy and reported to subsequent meetings of the Audit Committee. All these areas will be subject to further reviews as part of the 2012/13 audit plan.

8 Annual Governance Statement for 2011/12

The Director of Finance provided the Committee with the Annual Governance Statement (AGS) for 2011/12.

It was reported that Blackburn with Darwen Borough Council recognised that there would always be risks that it must manage effectively. Whilst the Council recognised that due diligence would not always ensure that it got things right first time, it continued to put in place assurance frameworks and enhance existing arrangements that were intended to ensure that its system of governance was fit for purpose and had flexibility to meet the challenges that the change agenda brought.

The Resources Directorate had continued to promote the Council's strategic approach to governance and assurance. The development in governance, continuing from those in 2010/11, included:

- Further development of the Management Accountabilities Framework (MAF) to reduce duplication and more closely link risk management and MAF reporting
- A review of arrangements and systems in place to ensure compliance with the Bribery Act 2010.
- Continuing the promotion of a culture of zero tolerance towards fraud via the roll out of an e-learning fraud awareness package

for all staff and the ongoing participation in the National Fraud Initiative.

- Continuing embedding of information security awareness through an e-learning toolkit, training for staff, the publication of guidance via the intranet and revision of the Acceptable Use Policy.
- Ongoing work to implement the information governance strategy and related policies and procedures.
- Completion of annual Directors certificates to support the Governance Statement.
- Continuing review and amendments (if necessary) to the Constitution.
- Development of Business Continuity and Risk Management including an independent health check by Zurich Municipal and review of Corporate Risk Register.
- Strengthening of the insurance claims system through acquisition of specialist claims management software.
- Revision of the Medium Term Financial Plan and Capital Programme.
- Innovative and participative budget consultation.
- Scrutiny of the transformation programme by the Transformation Board.
- Development of a Partnership Governance Toolkit.
- Development and implementation of an Equality Impact Assessment Toolkit and Training Programme.

RESOLVED:

That the Annual Governance Statement be approved.

Signed

Chair of the meeting at which the Minutes were signed

Date