

AUDIT AND GOVERNANCE COMMITTEE

26 September 2013

Present:-

Councillor Bowkett (Chair)
Councillors Baldwin, Branston, D J Henson, Leadbetter, Morris, Payne, Ruffle and Spackman

Apologies

Councillors Choules and Laws

Also Present

Deputy Chief Executive, Acting Assistant Director Finance, Corporate Manager Legal, Corporate Manager Policy, Communications and Community Engagement, Audit Manager (HP) and Democratic Services Officer (Committees) (SLS)

Barrie Morris, Engagement Lead, Grant Thornton, Chartered Accountants
Nigel Timmins, Audit Manager, Grant Thornton, Chartered Accountants

13

MINUTES

The minutes of the meeting held on 26 June 2013 were taken as read by the Chair and agreed as a correct record.

14

DECLARATIONS OF INTEREST

No discloseable pecuniary interests were declared.

15

2012/13 REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) **(GRANT THORNTON)**

Mr Barrie Morris, representing Grant Thornton, the Council's external auditors, presented the Audit Findings report of the Council's financial statements for the year ended 31 March 2013. It was anticipated that, subject to the approval of the final management representation letter and updating the post balance sheet events review, both items on the agenda, that an unqualified opinion on the financial statement would be issued. He thanked the Acting Assistant Director Finance and his team for their assistance and professional approach.

Barrie Morris responded to a Member's enquiry on the inclusion of the Science Park, stating that the City Council acknowledged the importance of monitoring any potential risk and identifying residual costs. The Acting Assistant Director Finance also replied to a Member's comment in relation to the residual risk associated with liquidity, confirming that the City Council's policy for short term borrowing would remain. He would follow up his valid point on the usefulness of comparator information, and would investigate the opportunity to review the Council's activity in this area with other authorities.

RESOLVED that the Audit and Governance Committee noted the report.

(Report circulated)

FINANCIAL RESILIENCE

Mr Nigel Timmins, representing the Council's external auditors, presented Grant Thornton's Financial Reliance Report. The report outlined the financial resilience of the City Council by looking at the following:-

- key indicators of financial performance
- approach to strategic financial planning
- approach to financial guidance and financial control

Grant Thornton concluded that the Council had adequate financial resilience arrangements and issued a predominantly green indication to show that the key characteristics of good practice were in place. Members requested additional comparator information in relation to the Housing Revenue Account.

RESOLVED that the Audit and Governance Committee noted the report.

(Report circulated)

FINAL STATEMENT OF ACCOUNTS 2012/13

Councillor Ruffle declared an interest as a Member of the Exeter Canal and Quay Trust.

The Acting Assistant Director of Finance presented the Council's financial statements for 2012/13. Members acknowledged the very tight financial deadlines imposed on the City Council and considered a number of suggestions to improve the reporting process in future years. It was noted that the City Council had maintained its prudent financial position.

RESOLVED that the Audit and Governance Committee approved the Statement of Accounts for 2012/13.

(Report circulated)

MANAGEMENT REPRESENTATION LETTER TO THE EXTERNAL AUDITOR IN RESPECT OF THE 2012/13 STATEMENT OF ACCOUNTS

The Acting Assistant Director Finance presented the draft letter to the External Auditor, Grant Thornton in respect of the 2012/13 Statement of Accounts.

RESOLVED that the Audit and Governance Committee approved the letter and requested that it be signed by the Acting Assistant Director Finance and Chair of the Audit and Governance Committee for forwarding to the External Auditor, Grant Thornton.

(Letter circulated)

INTERNAL AUDIT PROGRESS REPORT

The Audit Manager (HP) presented the progress report on the areas of work carried out by the Internal Audit Team during the period from April to June 2013. The report also included the overall progress made against the 2013/14 Audit Plan, including the active monitoring of audit processes and actions. The activities were now given

an assurance 'star' rating to make the information and process clearer. A summary of progress as at 30 June 2013 was set out in an appendix to the report. The Acting Assistant Director Finance responded to a number of Members' comments who sought further clarification of a recommendation to review the official ordering of goods process, which now required all purchases to be supported by an official electronic order, as well as being signed off by a designated member of staff. He stated that this process would be closely monitored and a progress report made in six months time.

The Deputy Chief Executive also responded to a comment on the Internal Audit summary of work completed, in relation to Collection Tax (Collection and Recovery), and confirmed that the lack of staff resources had been addressed as part of the City Council's organisational review. The Audit Manager (HP) agreed to provide more detailed background on the recommendations made in respect of Council Tax following the next Audit of this service, which was due to commence shortly. She would circulate a copy of the Audit report in relation to Allotments.

The Audit and Governance Committee noted the Internal Audit Progress Report for the first quarter of the year 2013/14.

(Report circulated)

20 **CORPORATE GOVERNANCE RISK REGISTER QUARTERLY REVIEW**

The Corporate Manager Policy, Communications and Community Engagement presented a report which advised the Committee of the changes introduced to the Council's risk management policy and procedures, and also sought approval for the updated Corporate Risk Register.

The Risk Management Policy now offered a more robust process and included the identification of risk at the earliest opportunity; risks were now monitored by the Strategic Management Team, and risk owners were accountable for their individual areas. Training would be arranged for Members of the Audit and Governance Committee to explain the process and procedures used in more detail. It was acknowledged that the post mitigation risk scores still had to be added to the Corporate Risk Register.

The Audit and Governance Committee noted the revised Risk Management Policy and Procedure and approved the updated Corporate Risk Register for the City Council.

(Report circulated)

21 **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC**

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3, of Part 1 of Schedule 12A of the Act.

22 **CORPORATE GOVERNANCE RISK REGISTER QUARTERLY REVIEW (APPENDIX B)**

The Corporate Manager Policy, Communications and Community Engagement presented a report which advised the Committee of the changes introduced to the

Council's risk management policy and procedures. This included an appendix to the report (Appendix B).

The Audit and Governance Committee noted the details contained in Appendix B.

(Report circulated to Members)

(The meeting commenced at 5.30 pm and closed at 7.20 pm)

Chair