MINUTES OF AUDIT COMMITTEE

20 September 2011

PRESENT:

Members of the Committee:
Mr P Dudfield (Chairman), Mr J Eves (Vice Chairman), Councillors Mrs Kaur and Mistry

Officers:
Adam Norburn (Head of Resources), Doug Jones (Head of Business Transformation), Sarah Sullivan (Corporate Assurance Manager), Mannie Ketley (Financial Services Manager), Deborah Tyrell (Principal Solicitor), Jenny Varnish (Legal Assistant) and Veronika Beckova (Democratic and Scrutiny Services Officer)

Also Present:
James Elsby (Audit Manager - Audit Commission)

10. MINUTES

The minutes of the meeting held on 28 June 2011 were approved and signed by the Chairman.

11. APOLOGIES

An apology for absence from the meeting was received from Councillor Stokes.

12. STATEMENT OF ACCOUNTS 2010/11

The Committee considered the Statement of Accounts 2010/11 (Part 1 - Agenda item 4).

The accounts have been audited by the Audit Commission who have issued an unqualified audit opinion and confirmed there are no important weaknesses in internal control.

Further details can be found in the Annual Governance report which is included within the Statement of Accounts.

During consideration of the item the following additional points were made:

Update on Iceland

- Ongoing subject to legal case.
- Appeals are being held this month.
- Supreme Court of Iceland will make the final decision.
- One response will be given to all cases.
- Appeals decision will be released in early October and reported to the Committee at the next meeting.
The cost of the legal representation is a collective cost and Rugby Borough Council is paying, in proportion to its investment, approximately £20,000 in total – the cost has been spread over a number of years.

RESOLVED THAT –

(1) the Financial Services Manager be thanked for her work; and
(2) report be noted.

IT BE RECOMMENDED TO COUNCIL THAT – the Statement of Accounts 2010/11 be approved.

13. ANNUAL GOVERNANCE STATEMENT 2010/11

The Committee considered the Annual Governance Statement 2010/11 (Part 1 - Agenda Item 5 - Appendix 1).

During consideration of the item the following additional points were made:

- Internal audit reports will be presented to the Committee at the next meeting.
- Concerns were raised around the Ken Marriott Leisure Centre project and management of the contract.
- Risks within the project are being identified and dealt with.
- The Committee requested attendance of a key person from the project at the next meeting.

RESOLVED THAT –

(1) the Corporate Assurance Manager report back on risks and the process of identifying the risks within the Ken Marriott Leisure Centre project;
(2) the Corporate Assurance Manager be thanked for her report; and
(3) report be noted.

IT BE RECOMMENDED TO COUNCIL THAT – the Annual Governance Statement 2010/11 be approved.

14. MANAGING HIGH-PRIORITY RISKS

The Committee considered the Strategic Risk Register (Part 1 - Agenda item 6 - Appendix 1a – 1g).

During consideration of the item the following additional points were made:

- The Ken Marriott Leisure Centre has been classed as an operational risk not a strategic risk at this stage.
- The Strategic Risk Management Group and the Leadership Team meet on a quarterly basis to ensure a robust process is in place for identifying, monitoring and managing corporate risks.

RESOLVED THAT – the report be noted.
15. **2011/12 PLAN – PROGRESS REPORT**

The Committee considered the report on the progress of the 2011/12 Audit Plan (Part 1 - Agenda item 7).

During consideration of the item the following additional points were made:

- New levels of assurance have been introduced for classification of audits.
- 5 audits are in progress.

**2011/12 completed audits**

- Budgeting and Budgetary Control – no key issues arising.
- Business Continuity – key issues arising:
  - There was no operational risk register.
  - The Business Continuity and the IT Disaster Recovery Plan must be reviewed and updated annually.
  - Appropriate storage of back up tapes needs to be arranged.
  - Hard copies of the Business Continuity and the IT Disaster Recovery Plan must be stored at all off-site emergency centres.
  - Information contained within the Business Continuity and the IT Disaster Recovery Plan is inconsistent.
  - The Business Continuity and the IT Disaster Recovery Plan must be regularly tested.

RESOLVED THAT – the report be noted.

16. **WHISTLE BLOWING INCIDENTS – STANDING ITEM – TO RECEIVE ANY UPDATES**

There were no issues to report.

17. **FRAUD AND CORRUPTION ISSUES – STANDING ITEM – TO RECEIVE ANY UPDATES**

There were no issues to report.

CHAIRMAN