

AUDIT COMMITTEE

MEETING, 30TH MARCH, 2007

Present – Councillors J. Walsh (Chairman), Connell, Hayes ,
and Mrs Ronson (as deputy for Councillor Hamilton).

Also in attendance

- | | | |
|-----------------|---|--|
| Mr. S. Arnfield | - | Director of Corporate Resources |
| Mr. J. Midlane | - | Head of Internal Audit and Service Development |
| Mr. A. Mee | - | KPMG |
| Mr. A. Jennings | - | Democratic Services Manager |

Apologies for absence were submitted by Councillor Hamilton .

Councillor J. Walsh in the Chair.

32. MINUTES

The minutes of the proceedings of the meeting held on 15th March, 2007 were submitted and signed as a correct record.

33. UPDATE ON ISSUES RAISED AT THE LAST MEETING

The Director of Corporate Resources provided the Committee with an update on the issues raised at the last meeting ; viz

Minute 28 External Audit Recommendations –

Resolution (ii) – The Director reported on the three external audit recommendations due for completion before finalisation of the Annual Accounts ;

- Asset Valuations and Records – the revaluation of all outstanding properties had now been completed and were currently being provided to accountants to ensure that they were accurately reflected in the accounts. This work would be completed and included fully in the final

accounts for 2006/07. Clear asset accounting guidance had been provided to all accountants to ensure consistency and the guidance had been shared with KPMG who indicated their acceptance.

- Reconciliations – These were now all up to date with the exception of Housing rents which was nearing completion with one or two final items to be resolved. In terms of old outstanding items on the various reconciliations, the vast majority of these had now been resolved with the last few items currently being worked on.
- Debtors – Significant improvement had been made in terms of debtors processes this year. The credit balances that were commented on by Audit were now significantly reduced, although there would always be some credit balances at any point in time.

Resolution (iii) - The Director reported on arrangements for Monitoring Progress on External Audit Recommendations ;

In future all progress reports on both Internal and External Audit recommendations would be monitored by the Director of Corporate Resources and reported to the Audit Committee on the progress that had been made.

Resolution (iv) - The Director referred to those assets that had not been re-valued and the service areas these related to ;

The outstanding valuations related to assets across all Council services and included both operational and non-operational assets. There was no particular pattern to the assets not re-valued, it was a matter of which schedules of assets the Estates Valuation staff had managed to complete and which ones were therefore outstanding. As reported above all these asset valuations had now been completed.

The Director reported that the Committee's Assurance Statement would be reported to the Council's meeting on 25th April ,2007 and moved as a motion by the Chairman; the Committee's report on the matter would be circulated to members .

Resolved – That the report of the Director be noted .

34. REVIEW OF CORPORATE RISK MANAGEMENT PROCESS

The Director of Corporate Resources submitted a report that considered the updated Risk Management Strategy and Policy.

The policy was last reviewed by the Executive Member in December ,2005 and the Risk Management Strategy stated that the Strategy would be reviewed every two years; the Head of Internal Audit indicated that ,based on good practice ,this would now be done every year .

Each of the documents approved in December ,2005 had been reviewed against a number of criteria:

- National guidance and best practice
- CPA requirements
- Practicality and fitness for purpose
- Experience in operation of the process
- Independent review from Internal Audit

and the Committee was informed of the following ;

Risk Management Policy Statement:

The statement was basically still relevant and no major changes were proposed. However, changes had been made to emphasise the opportunities for the Council that came from the process and not just the negative elements of the risk process.

Risk Management Strategy:

The strategy statement had been changed to better reflect the strategic nature of risk management and to

emphasise its role in ensuring that the objectives and key aims of the organisation were met.

Role and Responsibilities:

The role and responsibilities had been amended to reflect changes in titles and to strengthen the roles of departmental PMG members as risk champions.

Risk Management Process:

Minor changes had been made to the process to fit in with changes to the Council's Corporate Business Planning Process (CBPP).

The revised documents were attached as appendices to the report and the Director informed members that he would revise the Policy Statement and Strategy to highlight the importance of identifying risk in the work undertaken with the Council's partners .

The report concluded that ,overall ,risk management had worked well in the Authority and external review had reported favourably on it. The strategy, processes and how they had operated over the last two years had been subject to independent review by internal audit and as a result, a number of changes were recommended.

The report would also be submitted to the Executive Member for Corporate Strategy and Finance on 11th April ,2007.

Resolved – That the review of the Corporate Risk Management Strategy ,as detailed in the appendices to the report ,be approved ,subject to the amendments highlighted by the Director and that Directors be required to identify potential risks in their partnership working as part of the risk management process.

35. CORPORATE RISKS

The Director of Corporate Resources submitted a report which requested the Committee to consider the corporate risks identified by the Council's Executive Management Team .

The process involved a thorough review of the existing risks to decide whether they were still relevant and to consider any new risks. New risks were considered under the STORM methodology which the Council had adopted. This identified risks under a range of headings:

- Political
- Financial
- Environmental
- Social
- Managerial/professional
- Legislative
- Physical
- Competitive/Contractual
- Technological
- Customer/citizen

The result of this process was that one of the old risks had been managed down to an acceptable level and therefore removed from the monitoring process. Five risks remained and risk management action plans for these were in place.

The five remaining risks were as follows:-

- That the Council did not achieve the longer term recycling rates and did not adequately reduce the residual waste volumes;
- Gaps in the local employment market left skills shortages in the local economy;
- External funding received by the Council each year reduced in the future;
- Sustaining the level of investment in Bolton Town Centre in the long term; and
- Issues on problematic sites.

With respect to the last point the Committee felt that the action plan needed to include possible solutions regarding future use of the sites, particularly as the number of suitable large sites

was decreasing .

In addition to the above three further risks had been identified:

- Failure to be fully prepared for government investment in schools ;
- Potential equal pay claims ; and
- Disruption of the implementation of new pay structure .

The lead officers for each of the new risks had been identified and risk management action plans would be prepared for each new risk showing the actions planned to negate each risk.

The Committee reiterated the point that an examination should be undertaken as to the Council's work with partners and the potential risks which could endanger partnership arrangements and the consequential issues for the Council's services or the loss of opportunities that may arise .

The report would also be submitted to the Executive Member for Corporate Strategy and Finance on 11th April ,2007.

Resolved – That the corporate risks as identified by the Executive Management Team be noted.