



Minutes of the meeting of the AUDIT COMMITTEE held on THURSDAY 4 FEBRUARY 2009 at 7.30 pm

Present: Councillor White (Chair)
Councillors Bint, Dransfield, Tunney and Williams.

A Peck (Independent Member)

Officers: D Hill (Chief Executive), D Wilkinson (Assistant Director, Audit & Risk Management), T Hannam (Corporate Director, Finance and Risk Management), J Moffoot (Assistant Director, Democratic Services), M Bracey (Assistant Director, Partnerships, Commissioning & Planning), M Hodgson (Head of Operational Finance), M Hood (Assistant Director, Procurement, Partnership and Portfolio), D Bradley (Assistant Director Universal Services) and L Sung (Senior Committee Manager).

M West (Audit Commission) and C Ryan (Audit Commission)

Also Present: Councillor Crooks.

Apologies: Councillors Burke and Gerrella and Mr C Fogden.

AC46 MINUTES

RESOLVED -

That the Minutes of the meeting of the Audit Committee held on 16 December 2009 be approved and signed by the Chair as a correct record.

AC47 DISCLOSURE OF INTERESTS

1. Mr A Peck declared a general personal interest as he was a member of Milton Keynes Partnership (MKP).
2. Councillor White declared a general personal interest as he was the Chair of the United Sustainable Energy Agency which administers the Council's Carbon Offset Fund.

AC48 REVENUE AND CAPITAL BUDGET MONITORING REPORT TO END OF DECEMBER 2009 (PERIOD 9)

The Committee considered the forecast outturn position for the General Fund, Housing Revenue Account (HRA) and the Collection

Fund for the period to the end of December 2009. The Committee gave further consideration to the Capital Programme, as at end of July 2009, the programme slippage brought forward from 2008/2009 and the risks associated with those forecasts.

The Corporate Director Finance & Risk Management reported that the new Capital Management System aligned spend approvals with the programme and estimated an outturn of 90% completion.

The Corporate Director, Finance & Risk Management reported that the evidence that Oakgrove School had been built to Building Research Establishment Environmental Assessment method (BREEAM) standard was not available to the Education Capital Team and that they were in negotiation with the Housing & Communities Agency (HCA) to secure the funds. He reported that part of the information was held by individual contractors and the information would be difficult to obtain if, for example, that contractor had gone into receivership. Without the issue of a certificate, the HCA's contribution of £1.7m was at risk.

Spend approval of £2.677m for Phase 3 was being requested from Period 9 Capital Programme.

RESOLVED –

1. That the forecast outturn positions reported by Directorates be noted.
2. That the identified risks and areas of concern be noted.
3. That the risks be monitored closely and effectively managed by the Corporate Leadership Team to ensure the Council manages its spending within the approved budget.
4. That expenditure to date, projected outturn and funding position for the 2009/2010 Capital programme be noted.
5. That a RAG Rating (Red, Amber, Green) be attached to all Capital Projects.
6. That the Committee receive a further report on Oakgrove School indicating the position in respect of Building Research Establishment Environmental Assessment Method (BREEAM) certification and providing details of all other projects that require BREEAM certification as an assurance that safeguards are in place.
7. That the further report includes general issues of record-keeping in respect of Capital Projects, including a timetable indicating the release of funds from the Housing & Communities Agency (HCA), together with details of the project planning process.
8. That the attention of the Council be drawn to the Committee's serious concern that the funding of Oakgrove School Phase 2

could be delayed by the apparent lack of satisfactory evidence that the School has been constructed to BREEAM Standards.

AC49

CLOSURE OF SIR FRANK MARKHAM COMMUNITY SCHOOL (SFM)

The Committee considered a report in response to the Committee's concerns in respect of the original Internal Audit Report on the closure of Sir Frank Markham School.

The Assistant Director Audit & Risk Management reported that the investigation into the closure of the school had identified the theft of 90 laptops which had been immediately referred to the Police.

The investigation had indicated that there was no failure on the part of Children & Young Peoples Services although the thefts had occurred during a period of interim leadership within the Directorate and at the school.

The key lessons learned were:

- Schools and other Council buildings should regularly review inventory records to ensure assets could be traced and theft promptly identified.
- Security arrangements within schools should be reviewed and Head Teachers and Governors should ensure that appropriate measures were operating effectively.
- Specific arrangements should be made for the closure and opening of buildings and school organisations to protect Council assets and interests

The Committee emphasised the need to identify any closure of a school as a project to be managed as such. The Committee considered that there should be wider recognition of what constituted a project and that a cessation of a 'business as usual' approach should be adopted immediately following an announcement of a school closure.

The Committee was concerned the laptops had not been considered for use at another school within Milton Keynes and that the report before the Committee had not addressed the loss of savings, thus reflecting the true cost to the Council.

The Assistant Director Universal Services reported that a manual was currently being produced that would recommend that at the point where a closure was announced, photographs should be taken of all assets. He added that only in community schools would assets revert back to council ownership.

RESOLVED –

1. That the lessons learned be noted and that the Assistant Director, Audit & Risk Management provide a full report on

how the lessons can be applied across the Council to all buildings subject to closure.

2. That, in light of the failures identified during the closure of Sir Frank Markham School, the Committee maintains a watching brief on the Rickley/Rivers School merger and that the Chair and Spokesperson be kept informed on progress.
3. That a manual for school closures be prepared, containing details of school governor responsibilities and appropriate training.
4. That the Cabinet be requested to gain an understanding of how to put in place appropriate procedures for dealing with school closures, including issues in respect of school governor training and the speed of developing procedure manuals.

AC50 EXTERNAL AUDIT PROGRESS REPORT

The Committee considered progress of the 2008/2009 audit and the 2009/2010 audit.

RESOLVED –

That progress on the 2008/2009 and 2009/2010 audits be noted.

AC51 MILTON KEYNES COUNCIL ANNUAL GOVERNANCE STATEMENT ACTION PLAN

The Committee considered the quarterly report on the Annual Governance Statement and Action Plan.

The Committee considered those areas where there remained a red status. These were identified in the plan as:

- 2(b) – Lack of collective political leadership in context of no overall control; and
- 2(g) – Absence of a protocol governing the relationship between the Leader and the Chief Executive

RESOLVED –

1. That the Annual Governance Statement and Action Plan be noted.
2. That progress against actions be noted.

AC52 ANNUAL AUDIT LETTER

The Committee considered the content of the Annual Audit Letter received from the Audit Commission which contained judgements on the financial management of the authority as a whole.

The Letter summarised the findings of the 2008/2009 audit, including messages arising from the audit of financial statements and the

results of the work the Audit Commission had undertaken to assess arrangements to secure value for money and the use of resources.

RESOLVED –

That the key messages contained within the Annual Audit Letter be noted.

AC53 USE OF RESOURCES REPORT 2008/2009

The Committee considered the Audit Commission's report on the Use of Resources 2008/2009.

The use of resources assessment used the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. The Council had achieved an overall score of 2 (performed adequately) for 2008/2009.

RESOLVED –

1. That the report be noted.
2. That it be recognised that the new Corporate Leadership Team had plans in place to implement better practice and processes, with a clear direction of travel but that it would take time to achieve a score of 4.

AC54 INTERIM SYSTEMS AUDIT 2008/2009

The Committee considered the Interim Systems Audit 2008/2009 and the recommendations contained within the report.

RESOLVED –

1. That the Interim Systems Audit 2008/2009 and the recommendations contained within the report be noted.
2. That the Committee recognises that the Council needs to strengthen its position and needs to prepare for the introduction of the International Financial Reporting Standards (IFRS).

AC55 FINAL ACCOUNTS OPINION AUDIT

The Committee considered the final accounts opinion audit. The Audit Commission had recognised the council's year on year improvement.

The Chair thanked Mick West and Carol Ryan for their reports which succinctly set out the areas for improvement. The Chair also thanked the Corporate Director, Finance & Risk Management and the Head of Operational Finance for their response to the report and producing an action plan at such short notice.

RESOLVED –

That the report be noted.

THE CHAIR CLOSED THE MEETING AT 10.20 PM

DRAFT