

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY 29 MARCH 2010

Present: Councillor Horne (Chairman), and
Councillors Butler, Nelson-Gracie, Warner and
Mrs Wilson

REFERRED MATTER

77. **THE ROLE AND TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The Committee considered the report of the Director of Resources and Partnerships concerning a revision to the role and Terms of Reference of the Audit Committee as well as endorsing the commissioning of a peer review of the Audit Committee by IdEA.

The Committee agreed to recommend to Council that it should approve both the Statement of Internal Control and the Annual Statement of Accounts as this was in line with best practice and Audit Commission guidance.

The Committee is also recommending to the Council that the membership of the Committee should be increased to include an Independent Member with the relevant financial background to support the Committee in discharging its duties in relation to overseeing the financial reporting process and, in particular, in approving the Annual Statement of Accounts. The Independent Member would not have voting rights.

The Committee asked a number of questions of the Director of Change and Partnerships regarding the appointment of the Independent Member and the Committee were informed that a further report on this appointment would be brought to a future meeting. It also agreed that the proposal for a peer review of the Audit Committee to ensure that the Committee's revised role and terms of reference take account of national best practice be endorsed.

RECOMMENDED: That Article 6A and the terms of reference of the Audit Committee, be amended to reflect the following: -

- a) That the Audit Committee will approve the Statement of Internal Control and the Annual Statement of Accounts.
- b) Increasing the membership of the Committee to include an Independent Member

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Also Present: Stephen Golding (Audit Commission)
Philip Colvey (Zurich)

69. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Daley.

70. NOTIFICATION OF SUBSTITUTE MEMBERS

The following substitution was noted: -

Councillor Mrs Wilson for Councillor Daley.

71. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

72. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

73. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

74. EXEMPT ITEMS

RESOLVED: That the Items on the Agenda be taken in public as proposed.

75. MINUTES

RESOLVED: That the Minutes of the meeting held on 18 January 2010 be approved as a correct record and signed, subject to the insertion of the word "was" after the word "She" on the 5th line of the 4th paragraph on page 3, under Minute No. 66.

76. RISK MANAGEMENT

The Committee considered the report of the Chief Officer Management Team regarding proposals for risk management.

Philip Colvey from Zurich gave the Committee an overview of how the process will work and a handout was circulated to all Members. Members then asked Philip Colvey a number of questions relating to different parts of the process and the Committee were assured that all Members would have an opportunity to input into the process and that once the process had been completed, the Audit Committee would have the opportunity to pass their comments to Cabinet before a decision is made.

A member raised concern regarding the budget process for 2010/11, whereby it was felt that proper risk analysis had not been undertaken, especially with regard to systemic risk for the large planned projects. The Director of Resources and Partnerships assured the Committee that all the large projects are planned using a project management methodology which includes risk management and assessment and how to mitigate the risks and Management Team monitors those risks. She explained that this analysis work had been done for the 2010/11 budget and she was happy to go through this with the Member. She also mentioned that what would be done better in the future is that this risk analysis information regarding future budgets would be made available to the Audit Committee at an earlier stage in the budget process to enable the Committee to make recommendations to Cabinet.

RESOLVED: That the report be noted.

77. THE ROLE AND TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Committee considered the report of the Director of Resources and Partnerships concerning a revision to the role and Terms of Reference of the Audit Committee as well as endorsing the commissioning of a peer review of the Audit Committee by IdeA.

The Director of Change and Partnerships informed the Committee that, following publication of the report, of the 3 other Councils within the Mid-Kent Partnership, 2 had indicated they would be keen to be involved with the peer review and 1 had declined.

The Committee asked a number of questions of the Director of Change and Partnerships regarding the appointment of the Independent Member and the Committee were informed that a further report on this appointment would be brought to a future meeting.

RESOLVED:

1. That the revision of the composition and terms of reference of the Audit Committee, as set out in paragraphs 1.3.3 and 1.3.6 of the report of the Director of Resources and Partnerships be agreed and

that the amendment to the Constitution be evaluated by Standards Committee prior to being submitted to Council for consideration.

2. That the proposal for a peer review of the Audit Committee to ensure that the Committee's revised role and terms of reference take account of national best practice be endorsed.

78. DURATION OF MEETING

6.30 p.m. to 7.20 p.m.