

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

**MINUTES OF THE MEETING HELD ON
MONDAY 17 JANUARY 2011**

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

Also Present: Mr Eamon Lally - Local Government
Improvement and Development

60. APOLOGIES FOR ABSENCE

There were no Apologies for Absence.

61. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

62. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

63. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

64. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

65. EXEMPT ITEMS

RESOLVED:

1. That the items on the Agenda be taken in public as proposed.
2. That questions to be raised regarding Agenda Item 9 - Maidstone Museum East Wing Redevelopment – in connection with the contract be taken in private.

66. MINUTES

RESOLVED: That the Minutes of the meeting held on 29 November 2010 be approved as a correct record and signed.

67. MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 29 NOVEMBER 2010

Minute 53 – Minute 37 of the Meeting held on 20 September 2010 – the Audit Commission (Future Arrangements)

The Head of Internal Audit Partnership advised the Committee that the comments made by the Chairman were passed to the Communities and Local Government Select Committee regarding the inquiry into the audit and inspection of local authorities following the abolition of the Audit Commission.

Minute 56 – Implementation of IFRS in Local Authority Accounts

The Head of Finance and Customer Services advised the Committee that the implementation of IFRS had been questioned and a review was being conducted by the House of Lords.

68. MAIDSTONE MUSEUM EAST WING REDEVELOPMENT

The Committee considered the report of the Assistant Director of Regeneration and Cultural Services setting out the current position relating to the East Wing redevelopment.

The report included a summary of the new facilities that will be on offer which achieves the outcomes the Council was seeking, together with an update on the current fundraising efforts and the issue of an Extension of Time notice by the Contractor.

The Committee asked a number of questions of the Officers relating to, inter alia, the fundraising shortfall; the project income; the Extension of Time notice and the possibility of increased funds from the Heritage Lottery Fund.

RESOLVED:

1. That the current position relating to the Maidstone Museum East Wing redevelopment be noted.
2. That, due to concerns with some elements of the risk register for the Maidstone Museum East Wing redevelopment, up-date reports be included on the Agenda at all meetings of the Audit Committee for the foreseeable future.

69. REVIEW OF THE BUSINESS TRANSFORMATION PARTNERSHIP

The Committee considered the report of the Audit Committee Sub-Group regarding the findings of the review of the Business Transformation Partnership.

It was noted that a review of the Mid Kent Improvement Partnership is being undertaken by the Audit Commission.

The Committee asked a number of questions of the Officer relating to the actual and expected savings over previous years.

RESOLVED:

1. That the apportioned costs of the BTP team since 2007/08, the actual savings delivered to 2010/11 and expected savings until 2012/13, as set out in Appendix B of the report of the Audit Committee Sub Group, be noted.
2. That it be concluded that the BTP team provides value for money for the Council, particularly now the team have become more established, engage better with services and are involved in the implementation stage of projects.
3. That the findings of the report be referred to the Leader of the Council and the Cabinet.
4. That the findings of the report be referred to the other MKIP partner authorities for information and would welcome reciprocity.
5. That the MKIP Programme Board be recommended, following the introduction of new ways of working identified in reviews, to receive regular benefit monitoring reports so positive outcomes, savings and lessons learnt can be tracked and recorded more easily.
6. That the MKIP Programme Board be recommended to consider the points listed below in the current review of the Legal Service Partnership delivery model:
 - i. Up to date models of delivering legal services in the private and public sector;
 - ii. How the work ensuring that libraries and publications are bought when required and at the best possible price should be managed; and
 - iii. Possible models, including basket of rates, for procuring all external legal services at the best price.
7. That the MKIP Programme Board be recommended to consider the points listed below as part of the current review of future ICT delivery across MKIP:
 - i. Progression towards standard platforms and operating systems to facilitate integrated working amongst current and potential partners;
 - ii. How to ensure that procurement of new software is necessary to fulfil a business need;
 - iii. How to ensure ICT demonstrates value for money and continues to help make partner authorities increasingly efficient and effective.

70. REVIEW OF AUDIT COMMITTEE

The Committee considered the report of the Head of Internal Audit Partnership regarding the report from Local Government Improvement and Development ("LGID") following the peer review of the Audit Committee.

Mr Lally of LGID gave a brief introduction to the LGID Review of Audit Committees at Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. It was noted that:-

- Across all 4 Authorities it was found they were undertaking the duties as required.
- There was enthusiasm by Members on the work of the committee
- The Audit Partnership was well regarded
- There were opportunities for closer collaboration and partnership across the committees, including a greater degree of training for committee members
- Maidstone's Audit Committee was seen as well-regarded, well chaired, supported well by officers and seen as a good example of best practice

The Committee asked a number of questions of Mr Lally relating to, inter alia, the importance of keeping track of public service delivery and the national framework; the need to ensure there is a distinction between the role of the Executive/Cabinet and the Audit Committee; the proposal to prepare an Annual Report; independent non-voting members and tracking recommendations made by the Committee.

One Member pointed out that the review showed a strength as being the support the committee received from officers at pre-meetings, but that an area for development was a greater challenge of reports was required. The Member felt the Committee was a victim of its own strength; in that due to the pre-meetings and support from officers a large number of queries are sorted out prior to the meeting and, therefore, the Committee can be seen as not challenging reports at the main meeting due to the fact that the "challenging" had occurred at the pre-meeting. This was endorsed by the Committee.

RESOLVED: That an Action Plan, in relation to the review's findings, be prepared and brought to the next meeting for approval.

71. TREASURY MANAGEMENT STRATEGY 2011/12 - 2013/14

The Committee considered the report of the Head of Finance and Customer Services setting out the draft Treasury Management Strategy for 2011/12 – 2013/14, including a series of Treasury and Prudential Indicators, in accordance with CIPFA's Code of Practice on Treasury Management issued in November 2009.

In response to a question raised by a Member, the Head of Finance and Customer Services advised that training on the Treasury Management Strategy would be organised for both Cabinet and this Committee.

The Head of Finance and Customer Services explained the current revenue and capital balances and the main uses of those balances following a request from a Member.

RESOLVED:

1. That the Cabinet be recommended to agree the Treasury Management Strategy 2011/12 – 2013/14.
2. That training be given to the Cabinet and the Audit Committee on the Treasury Management Strategy.

72. BUDGET STRATEGY 2011/12 ONWARDS

The Committee considered the report of the Head of Finance and Customer Services setting out the risk assessment of the budget strategy 2011/12 onwards.

The Committee asked a number of questions of the Officers relating to linking of the risks, identifying those risks within the Council's control and horizon scoping.

RESOLVED:

1. That the Cabinet be recommended to agree the risk assessment of the budget strategy 2011/12, subject to the following amendments:-
 - a) The value of the risks be included
 - b) Identification of responsibility for each risk
 - c) A risk regarding our investment strategy be included
2. That a synopsis of the Action Plan for the management of the risks be brought to a future meeting of the Audit Committee.

73. AUDIT COMMITTEE - WORK PROGRAMME

RESOLVED: That the Work Programme for January 2011 to April 2012 be noted.

74. EXCLUSION OF THE PUBLIC FROM THE MEETING

RESOLVED: That the public be excluded from the meeting for the following items of business because of the likely disclosure of exempt information for the reason specified, having applied the public interest test:-

**Head of Schedule 12 A and
Brief Description**

Report of the Assistant Director
of Regeneration and Cultural
Services – Maidstone Museum
East Wing Redevelopment

3 = Financial/Business Affairs

75. MAIDSTONE MUSEUM EAST WING REDEVELOPMENT

The Committee asked questions of the Officers relating to the terms of the contract for the Maidstone Museum East Wing redevelopment.

76. DURATION OF MEETING

6.30 pm to 9.00 pm.