

# Audit Committee

Wednesday, 23rd June, 2010  
at 6.00 pm  
Committee Room 1 - Civic Centre

This meeting is open to the public

## Members

Councillor Ball (Chair)  
Councillor Bogle  
Councillor Daunt  
Councillor Fuller  
Councillor Sollitt  
Councillor Letts  
Councillor Wells

## Contacts

Democratic Support Officer:-  
Judy Cordell  
Tel. 023 8083 2766  
Email: [judy.cordell@southampton.gov.uk](mailto:judy.cordell@southampton.gov.uk)

Head of Service:-  
Carolyn Williamson  
Executive Director of Resources  
Tel. 023 8083 4370  
Email:  
[Carolyn.williamson@southampton.gov.uk](mailto:Carolyn.williamson@southampton.gov.uk)

## PUBLIC INFORMATION

### **Role of the Audit Committee**

The Committee has responsibility for:-

- providing an independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment including (but not limited to) the reliability of the financial reporting process and the statement of internal control;
- satisfying and providing assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies; and
- specifically, the oversight of, and provision of assurance to the Standards and Governance Committee on, the following functions:-

- ensuring that Council assets are safeguarded;
- maintaining proper accounting records;
- ensuring the independence, objectivity and effectiveness of internal and external audit;
- the arrangements made for co-operation between internal and external audit and other review bodies;
- considering the reports of internal and external audit and other review and inspection bodies;
- the scope and effectiveness of the internal control systems established by management to identify, assess, manage and monitor financial and non-financial risks (including measures to protect against, detect and respond to fraud).

### **Southampton City Council's Six Priorities**

- Providing good value, high quality services
- Getting the City working
- Investing in education and training
- Keeping people safe
- Keeping the City clean and green
- Looking after people

### **Public Representations**

At the discretion of the Chair, members of the public may address the meeting about any report on the agenda for the meeting in which they have a relevant interest.

**Smoking policy** – the Council operates a no-smoking policy in all civic buildings.

**Mobile Telephones** – please turn off your mobile telephone whilst in the meeting.

**Fire Procedure** – in the event of a fire or other emergency a continuous alarm will sound and you will be advised by Council officers what action to take.

**Access** – access is available for disabled people. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

### **Dates of Meetings: Municipal Year 2010/11**

<b>2010</b>	<b>2011</b>
Wed 23 June	Thurs 17 March
Wed 22 Sept	
Tues 7 Dec	

## CONDUCT OF MEETING

### **Terms of Reference**

The terms of reference of the Audit Committee are contained in Article 8 and Part 3 (Schedule 2) of the Council's Constitution.

### **Business to be discussed**

Only those items listed on the attached agenda may be considered at this meeting.

### **Rules of Procedure**

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

### **Quorum**

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

### **Disclosure of Interests**

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "personal" or "prejudicial" interests they may have in relation to matters for consideration on this Agenda.

### **Personal Interests**

A Member must regard himself or herself as having a personal interest in any matter

- (i) if the matter relates to an interest in the Member's register of interests; or
- (ii) if a decision upon a matter might reasonably be regarded as affecting to a greater extent than other Council Tax payers, ratepayers and inhabitants of the District, the wellbeing or financial position of himself or herself, a relative or a friend or:-
  - (a) any employment or business carried on by such person;
  - (b) any person who employs or has appointed such a person, any firm in which such a person is a partner, or any company of which such a person is a director;
  - (c) any corporate body in which such a person has a beneficial interest in a class of securities exceeding the nominal value of £5,000; or
  - (d) any body listed in Article 14(a) to (e) in which such a person holds a position of general control or management.

A Member must disclose a personal interest.

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## **Prejudicial Interests**

Having identified a personal interest, a Member must consider whether a member of the public with knowledge of the relevant facts would reasonably think that the interest was so significant and particular that it could prejudice that Member's judgement of the public interest. If that is the case, the interest must be regarded as "prejudicial" and the Member must disclose the interest and withdraw from the meeting room during discussion on the item.

It should be noted that a prejudicial interest may apply to part or the whole of an item.

Where there are a series of inter-related financial or resource matters, with a limited resource available, under consideration a prejudicial interest in one matter relating to that resource may lead to a member being excluded from considering the other matters relating to that same limited resource.

There are some limited exceptions.

Note: Members are encouraged to seek advice from the Monitoring Officer or his staff in Democratic Services if they have any problems or concerns in relation to the above.

## **Principles of Decision Making**

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

## AGENDA

Agendas and papers are now available via Southampton Online at  
[www.southampton.gov.uk/council/meeting-papers](http://www.southampton.gov.uk/council/meeting-papers)

### **1 APOLOGIES AND CHANGES IN MEMBERSHIP (IF ANY)**

To note any changes in membership of the Committee made in accordance with Council Procedure Rule 4.3.

### **2 APPOINTMENT OF VICE-CHAIR.**

To appoint a Vice-Chair to the Committee for the 2010/11 Municipal Year.

### **3 DECLARATIONS OF INTEREST**

In accordance with the Local Government Act 2000, and the Council's Code of Conduct adopted on 16<sup>th</sup> May 2007, Members to declare any personal or prejudicial interests in any matter included on the agenda for this meeting.

NOTE: Members are required, where applicable, to complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer prior to the commencement of this meeting.

### **4 MINUTES OF THE PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

To approve and sign as a correct record the Minutes of the meeting held on 18<sup>th</sup> March 2010, and to deal with any matters arising, attached.

### **5 STATEMENT FROM THE CHAIR**

### **6 CHAIRS ANNUAL REPORT ON AUDIT COMMITTEE 2009/10**

Report of the Chair of the Audit Committee 2009/10 requesting that the Committee considers and comments on the Chair's Annual Report attached at Appendix 1, attached.

### **7 STATEMENT OF ACCOUNTS 2009/10**

Report of the Executive Director of Resources seeking the Committee's approval of the Statement of Accounts 2009/10, attached.

### **8 AUDIT COMMISSION: AUDIT AND INSPECTION PLAN PROGRESS REPORT**

Report of the Chief Internal Auditor requesting that the Committee notes the update on progress against the 2009/10 Audit and Inspection Plan, attached.

**9 REVIEW OF EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

Report of the Chief Internal Auditor requesting that the Committee reviews the effectiveness of the system of internal audit, attached.

**10 CHIEF INTERNAL AUDITOR'S ANNUAL REPORT AND OPINION 2009/10**

Report of the Chief Internal Auditor requesting that the Committee notes the Chief Internal Auditor's Annual Report and Opinion for 2009/10, attached.

**11 ANNUAL GOVERNANCE STATEMENT 2009-10**

Report of the Executive Director of Resources requesting that the Committee reviews and approves the draft Annual Governance Statement and recommends its acceptance to the Standards and Governance Committee prior to signing, attached.

**12 RISK MANAGEMENT ACTION PLAN AND REVIEW OF STRATEGY**

Report of the Executive Director of Resources requesting that the Committee notes and approves the Risk Management Action Plan for 2010/11 and notes the Risk Management Action Plan 2009/10: Status Report, attached.

**13 AUDIT COMMISSION: ANNUAL AUDIT FEE 2010/11**

Report of the Chief Internal Auditor detailing the audit, assessment and inspection work that the external auditors propose to undertake for the 2010/11 financial year, attached.

**14 INTERNAL AUDIT STATUS OF WORK**

Report of the Chief Internal Auditor providing a written status report to the Audit Committee. attached.

Tuesday, 15 June 2010

SOLICITOR TO THE COUNCIL