

## **AUDIT COMMITTEE**

**TUESDAY, 25 MARCH 2008**

**PRESENT:-** Councillors Raymond Fisher (Chair), Des Moffatt, David Sammels and Michael Dickinson (Deputy)

Apologies for absence were received from Councillors Steve Allsopp, Mark Edwards (Vice-Chair), Steve Allsopp, Mary Martin and Peter Stoddart.

### **45. Declarations of Interest**

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting.

### **46. Public Question Time**

No questions were asked under Standing Order 18.

### **47. Minutes**

Resolved - That the minutes of the meeting held on 29 January 2008 be confirmed and signed.

### **48. Exempt Items - Exclusion of Press and Public**

That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below on the grounds that they involve the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

<u>Item No.</u>	<u>Paragraph No.</u>	<u>Minute No.</u>
10 and 11	7	53 - 54

### **49. External Audit: Audit and Inspection Plan**

The Head of Internal Audit submitted a report on progress made by the Council's External Auditors against the audit and inspection plan for 2007/8 and work in progress for 2008/9. Mr Peter Smith of the Audit Commission was in attendance to present the report, providing the Committee with a "flavour" of the work undertaken to date, in advance of statutory deadlines for work mandated by the Audit Commission, including preparatory work in respect of the Audit of the Council's financial statements. Mr Smith also drew the Committee's attention to the deferral to April 2009 of the Audit Plan for 2008/9 due to a delay in the Audit Commission's publication of fee proposals.

Resolved – (1) That the report on progress made by the Council's External Auditors against the audit and inspection plan for 2007/8 and work in progress for 2008/9 be noted.

(2) That, in addition to receiving reports on progress against the audit and inspection plan, an item be introduced to the Committee agenda in 2008/9 to allow

members to raise issues and question the External Auditor on matters of concern or interest to members and allow the External Auditor to advise the Committee on matters of best practice.

#### **50. Review of 2006-07 Accounts Closure**

The Director of Finance submitted a report on the outcome of the annual review of the Council's process for closing the 2006/7 accounts and recommending the introduction of a number of improvements for the closure of the 2007/8 accounts, in the following areas:

- Balance Sheet structure
- Internal processes
- Housing Revenue Account and General fund integration.

Resolved – That the report on the closure of the 2006/7 accounts be noted and that the recommended improvements to the closedown process for 2007/8, detailed in the action plan at Appendix 1 to the report, be supported.

#### **51. Audit Committee: Self-Assessment checklist**

The Head of Internal Audit submitted a report inviting the Committee to carry out a self-assessment of its performance against recognised best practice as produced by the CIPFA Better Governance Forum. He commented on the Audit Committee's role, not just in relation to the audit of the Council and its systems, but also as a key component of corporate governance, and emphasised the importance of ensuring that the Council has a sufficiently independent and effective Audit Committee that follows established best practice. The Head of Internal Audit referred the Committee to the "toolkit for local authority audit committees", produced by the CIPFA Better Governance Forum, and invited members to review the Committee's performance against the self-assessment checklist to seek assurance that it continues to operate in line with best practice and that members are provided with all the information they require.

Resolved – That the Head of Internal Audit revise the CIPFA self-assessment checklist matrix in line with comments made by members during their consideration and debate of the issues and that the revised matrix be submitted to the next meeting of the Committee for endorsement.

#### **52. Audit Committee: Effectiveness of the system of Internal Audit**

The Head of Internal Audit submitted a report on the requirement for the Council to conduct a review of the effectiveness of its system of internal audit, in accordance with the Accounts and Audit Regulations 2006. It was noted that this was only the second year in which the Council had been required to complete this review. The Head of Internal Audit reminded the Committee that the External Auditor was currently conducting a review of the effectiveness of Internal Audit and suggested that members might wish to consider this report as an interim position statement and undertake a fuller consideration and assessment of performance in June, following the completion of the External Audit of the service.

Resolved – That the interim evaluation of the Council's system of Internal Audit be noted and that a more detailed evaluation be considered at the June 2008 meeting of the Committee, following the outcome of the External Auditor's current review of the effectiveness of Internal Audit.

### **53. Internal Audit reports identifying significant risk or 'of concern'**

The Head of Internal Audit submitted a report introducing the Internal Audit report on Project Management, which had been classified as being of "significant risk". In the absence of the Group Director Business Transformation, who was unable to attend, the Head of Internal Audit and the Director of Finance introduced the Audit Report, advising on the issues identified within the report as presenting "significant risk" and the proposed management response to the various internal audit recommendations.

Resolved – (1) That the report be noted.

(2) That, further to members' debate of the need to ensure that internal audit recommendations are agreed and implemented, the Head of Internal Audit be asked to introduce to the audit process a requirement that the appropriate Cabinet Member(s) be required to "sign off" on all internal audit reports where the opinion is one of "significant risk".

### **54. Head of Internal Audit Update**

The Committee received a report summarising the main issues arising from Internal Audit reports finalised in February and March 2008 advising on progress against the Internal Audit Plan. The report also provided the Committee with information in respect of the staffing situation within internal audit, completion of the Internal Audit Plan 2007/8, progress in relation to the external assessment of the financial management in schools and external audit work undertaken by the section.

Resolved – That the report be noted.