

AUDIT COMMITTEE

11th October, 2006

PRESENT - Councillor Baldwin (in the Chair); Councillors Harker and Johnson. (3)

APOLOGIES - Mr. J. Morton. (1)

ABSENT -

A9. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A10. MINUTES – RESOLVED – That the Minutes of the meeting of this Committee held on 12th July, 2006, having been circulated, be taken as read and approved as a correct record.

A11. AUDIT OF ACCOUNTS 2005/06 - The Director of Corporate Services submitted a report (previously circulated) providing Members with information on the outcome of the audit of the Council's 2005/06 accounts and seeking approval to conclude the accounts based on Officers recommendations.

References were made to the Regulatory Framework, which required local authorities to prepare an Annual Statement of Accounts, for them to be approved by Members, published and audited.

It was reported that the draft Statement of Accounts for 2005/06 had been approved by Council in June 2006 and, in accordance with statutory requirements, had subsequently been audited by the Council's external auditors, PricewaterhouseCoopers (PWC).

The Assistant Director, Accountancy and Local Taxation, referred to a number of misstatements in the accounts and the reasons for those misstatements and he reported that, as none of the items concerned were material in the context of the Statement of Accounts as a whole, the Officers proposed not to adjust the accounts.

It was also reported that PWC were considering a formal objection to the accounts, which had been received in relation to the Hackney Carriages Account, but that the objection was not considered to be significant so as to prevent an unqualified Audit report of the accounts, however, formal closure of the Audit could not be made until a conclusion had been reached by PWC.

A copy of PWC's report on the results of their audit on the 2005/06 accounts and the Use of Resources Conclusion was appended to the submitted report and Paul Harrison, Accounts and Governance Specialist from PWC commented thereon making particular references to the unadjusted misstatements; the objection received; and the Use of Resources conclusion, which was now required under the new Code of Audit Practice.

RESOLVED - (a) That the Auditor's ISA260 report on the Council's 2005-06 financial statements and use of resources be noted.

(b) That the 2005/06 accounts be not adjusted in respect of the items detailed in the submitted report.

A12. CORPORATE GOVERNANCE – UPDATE - The Director of Corporate Services and the Assistant Chief Executive submitted a report (previously circulated) updating Members on the progress to date on the application of Corporate Governance within the Authority.

It was reported that the monitoring of the Code had previously been undertaken by the Resources Scrutiny Committee, however, following the establishment of Audit Committee, future monitoring reports would be submitted to it in line with its specific responsibility for Corporate Governance.

The Chief Internal Auditor reported that Cipfa/SOLACE were currently reviewing their original Framework on which the Council's Local Code was based to develop recent governance work in both the public and private sectors and, in particular, 'The Good Governance Standard for Public Services' and that any required changes to the Council's Code would be considered once the revised framework was issued.

It was also reported that this Council's Auditors, PriceWaterhouseCoopers (PWC), had recognised the Local Code as a key management tool for strengthening and improving the Council's corporate governance arrangements and references were made to Members' training on Corporate Governance; the implementation of learning management software to better record acceptance and understanding by employees and Members of a range of corporate policies/processes; and an analysis of 'hits' on the Council's Intranet.

RESOLVED – That the progress on the application of Corporate Governance within the Authority be noted.

A13. RISK MANAGEMENT 2006/07 – The Director of Corporate Services submitted a report (previously circulated) updating Members on the approach to and outcomes from the Council's Risk Management processes.

The submitted report outlined the background to the Council's Risk Management Strategy, which was a fundamental part of the Cipfa/SOLACE framework on Corporate Governance adopted by the Council in 2002/03 through the Local Code of Corporate Governance and the Chief Internal Auditor reported that Risk Management was also an integral requirement of the Comprehensive Performance Assessment and an important element in demonstrating continuous improvement.

References were also made to the background to the management of risk management within the Authority; the authority's score for risk management under the Corporate Performance Assessment (CPA); the improvement action plan implemented to strengthen the Council's position prior to the next CPA; and the risks identified on a departmental basis which had been identified as above the risk appetite line and the improvement actions taken thereon.

RESOLVED – That the Risk Management Progress Report for 2006/07 be noted.

A14. AUDIT SERVICES ANNUAL AUDIT PLAN 2006/07 – PROGRESS REPORT – The Director of Corporate Services submitted a report (previously circulated) updating Members on the progress made during the first five months of the year against the 2006/07 Annual Audit Plan.

References were made to the outcome from Audit Assignments undertaken; significant outputs from consultancy work undertaken; and results or year end projections of the Audit Services' Performance Indicators.

RESOLVED – That the progress report against the 2006/07 Annual Audit Plan together with the proposed adjustments to the plan be noted.

A15 AUDIT IMPROVEMENT ACTION PLANS – The Director of Corporate Services submitted a report (previously circulated) reviewing the progress made in implementing the recommendations agreed in Improvement Action Plans arising from both External and Internal Audit reports.

It was reported that PWC had commented that there was nothing they wished to bring to the Officers at this time and that the only area where recommendations had not been fully implemented was in relation to delays in the signing of contracts and that this would be included in a review of the Contract Procedure Rules.

RESOLVED – That the report be noted.

A16. DATES OF FUTURE MEETINGS – RESOLVED – That future meetings of this Committee be held at 4.30 p.m. on 20th December, 2006 and 28th March, 2007.