

AUDIT COMMITTEE

6.00 P.M.

24TH JUNE, 2003

PRESENT:- Councillors, M. Thomas (Chairman), I. Barker, D. Kerr, J. Ravetz, A. Stone and G.K. Wilson

Officers in Attendance

Corporate Director (Central Services)
Nadine Muschamp - Head of Financial Services
Derek Whiteway – Internal Audit Manager, Financial Services
Steve Jones – Senior Democratic Support Officer, Administration Services
John Addison – Democratic Support Officer, Administration Services

Apologies

Councillor J. Barry

Also in attendance

Fiona Blatcher – Audit Manger – District Audit Team

1. APPOINTMENT OF VICE-CHAIRMAN

The Chairman invited nominations for Vice Chairman of the Audit Committee for the municipal year, 2003/2004.

It was proposed by Councillor I. Barker and seconded by Councillor G. K. Wilson:

“That Councillor J. Ravetz be appointed Vice Chairman of the Audit Committee for the municipal year 2003/2004”.

On being put to the vote, Members voted unanimously for the proposition, whereupon the Chairman declared Councillor J. Ravetz appointed Vice-Chairman of the Audit Committee for the municipal year 2003/2004.

Resolved:

That Councillor J. Ravetz be appointed Vice-Chairman of the Audit Committee for the Municipal Year 2003/2004.

2. MINUTES

That the Minutes of the meeting held on 28th January, 2003, were signed by the Chairman as a correct record.

3. EXTERNAL AUDIT AND INSPECTION PLAN 2002-2004

The Internal Audit Manager submitted a report which informed Members that under the 1996 Accounts and Audit Regulations, all local authorities had a duty to appoint external auditors to perform a statutory audit in compliance with the Audit Commission's Code of Audit Practice.

It was further reported, that as well as a general remit to review all matters relating to internal and external audit, the Terms of Reference of the Audit Committee included the specific

function: "To approve the Audit Plan of the External Auditor" (the Constitution, part 3, section 7).

The District Auditor's Audit Manager for Lancaster City Council presented Members with the External Audit and Inspection Plan 2002/2004. Members were informed of various aspects of the 2003/2004 CPA inspection and of an 8% reduction in the Audit fee. The Audit Manager also informed Members that the new Council Audit regulations would make Councillors more responsible for the Council's Audits.

Members asked the Audit Manager questions regarding CPA, the expense to the Council, and what the Council would gain from the inspection.

Members were informed that the CPA inspection for 2003/2004 would cost Lancaster City Council £14,000. It was also reported that once the inspection had been completed the District Auditor would assist the Council in preparing its Improvement plan.

Members also felt it would be useful if the Council received a list of the criteria that the District Auditor would be considering. The Audit Manager agreed to provide Members with a list of the inspection criteria.

It was proposed by Councillor G. K. Wilson, seconded by Councillor I. Barker and unanimously agreed:

"That the Audit Commission's proposed Audit and Inspection Plan for the period 2002/2004 be approved".

Resolved:

That the Audit Commission's proposed Audit and Inspection Plan for the period 2002/2004 be approved.

4. CODE OF CORPORATE GOVERNANCE

The Corporate Director (Central Services) submitted a report that informed Members that Cabinet had approved the Council's Code of Corporate Governance at its meeting on 30 July 2002. Subsequently, Council agreed that the Audit Committee would monitor progress on compliance with the Code and in particular, that it would receive an annual report accompanied by a report from the Internal Audit Manager.

The Corporate Director (Central Services) also informed Members that, in relation to the Statement of Assurance, there were three things that needed to be in place but required further work, the Community Strategy, a Consultation Strategy and a Risk Management Strategy. It was noted that action plans were in place to progress all three of these issues.

Members asked various questions regarding the report.

It was proposed by Councillor I. Barker, seconded by Councillor G. Wilson and unanimously agreed:

"That the report be noted"

It was further proposed by Councillor G. Wilson and seconded by Councillor I. Barker:

"That the Statement of Assurance be agreed and included in the 2002/03 Statement of Accounts".

Upon being put to the vote, 5 Members voted for the proposal and I abstained, whereupon the Chairman declared the proposal clearly carried.

It was then proposed by Councillor I. Barker, seconded by Councillor J. Ravetz and unanimously agreed:

“That the action plan for further developments be agreed”.

Resolved:

- (1) That the report be noted.
- (2) That the Statement of Assurance be agreed and included in the 2002/03 Statement of Accounts.
- (3) That the action plan for further developments be agreed.

5. INTERNAL AUDIT PLAN 2003/2004

The Internal Audit Manager presented a report, which reminded Members that the Terms of Reference of the Audit Committee included: To approve Internal Audit strategic plans and the Annual Internal Audit Plan (the Constitution, part 3 section 7).

The Committee was advised Members that in the past, the Internal Audit plans that had been considered by Members had consisted of a separate Strategic Plan, that set out medium to long-term proposals for the service, and the Annual Plan, detailing the proposed audit activity for the year.

Members were informed that in line with the Council's developing approach to Performance Management, the old Strategic Plan had now been superseded by a Business Plan, in the format of those being produced by all Services. Members were further informed that a major objective of the Business Plan was to establish clear links between Internal Audit's work and the Council's key strategies and priorities, thereby demonstrating how the service contributed to overall objectives. It was also reported that in the new Business Plan, the Annual Plan was retained as the work plan for the year.

Members discussed the report and asked the Internal Audit Manager various questions regarding the report, whether there was a clear process from the Business Plans and would Members be receiving an update.

The Internal Audit Manager informed Members that through his Business Plan he would seek to focus on areas of greatest significance and provide Members with updates on progress at future meetings of the Committee.

Members asked the Internal Audit Manager why he had put a 30-day buffer, for Audit investigations into his Audit plan, which had never been done before. The Internal Audit Manager informed Members that this was to help cope with fluctuations in demand for responsive work, particularly those arising from investigations.

It was then proposed by Councillor I. Barker, seconded by Councillor J. Ravetz and unanimously agreed:

“That the Internal Audit Business Plan for 2003/04 be approved”

It was further proposed by Councillor I. Barker, seconded by Councillor G. K. Wilson and unanimously agreed:

“That the Internal Audit Annual Plan for 2003/04 be approved”

Resolved:

- (1) That the Internal Audit Business Plan for 2003/04 be approved.
- (2) That the Internal Audit Annual Plan for 2003/04 be approved.

6. INTERNAL AUDIT ANNUAL REPORT 2002/2003

The Internal Audit Manager presented a report, which informed Members that the Terms of Reference of the Audit Committee included: To receive the annual Internal Audit Report and annual controls assurance statement (the Constitution, part 3 section 7).

Members were informed that the report had been brought before them to give Members a level of assurance of work done in the previous year. It was reported that for the first time in a number of years the Audit plan had been substantially completed.

It was then proposed by Councillor I. Barker, seconded by Councillor J. Ravetz and unanimously agreed:

“That the Internal Audit Annual Report for 2002/03 be noted”.

Resolved:

That the Internal Audit Annual Report for 2002/03 be noted.

7. FUTURE MEETINGS

The Chairman informed Members that the Statement of Accounts would be required to be approved before the next scheduled meeting in September and would require an additional meeting or replace the meeting in September with a meeting in August.

Following discussions, Members agreed that the next meeting of the Audit Committee be held in the last week in August on either the Tuesday or Wednesday, Morecambe Town Hall at 6 p.m. in replacement of the meeting on the 15th September 2003.

Resolved:

That Administration Services arrange the next meeting of the Audit Committee in the last week in August on either the Tuesday or the Wednesday, Morecambe Town Hall at 6 p.m. in replacement of the meeting on September the 15th 2003.

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Chairman

(The meeting closed at 7.14 p.m.)

**Any queries regarding these minutes, please
contact John Addison, Democratic Support Officer, Administration Services,
on Lancaster 582132,
or email JAddison@lancaster.gov.uk**