

AUDIT COMMITTEE

6.00 P.M.

27TH JULY 2005

PRESENT:- Councillors Malcolm Thomas (Chairman), John Gilbert, Ian Barker, Jon Barry, Keith Budden and David Whitaker

Officers in attendance:-

Mike Thomas – Audit Manager (Audit Commission)
Andrew Clarke – Accountancy Services Manager
Nadine Muschamp – Head of Financial Services
Derek Whiteway – Internal Audit Manager
Bob Bailey – Principal Auditor
James Doble – Principal Democratic Support Officer

1 APPOINTMENT OF VICE-CHAIRMAN

It was agreed unanimously that Councillor John Gilbert be appointed Vice-Chairman for the Municipal Year 2005/06.

Resolved:

That Councillor John Gilbert be appointed Vice-Chairman for the Municipal Year 2005/06.

2 MINUTES

The Minutes of the meeting held on 26th January 2005 were agreed as an accurate record.

3 AUDIT AND INSPECTION PLAN 2005 - 2006

Mike Thomas (Audit Commission) introduced the Audit Inspection Plan 2005. In terms of the plan it was outlined that the Audit Commission were pleased that the accounts had been closed early, that the plan contained changes to previous years as a result of the Code of Audit Practice and the fee had been reduced by 11% to £110, 760.

Mike Thomas outlined the key elements the plan covered, that the Annual Audit and Inspection Letter had been delayed until March 2006 and that during the year there would be a review of the direction of travel that the Council had experienced since the Corporate Performance Assessment (CPA). It was noted that the Auditors were still required to look at grant claims although this was to a lesser degree than had previously been required and the Commission could still do improvement work if requested by the Council.

In response to the plan concern was expressed that the delay in the management letter would delay Councillors receiving an update on how the Council was functioning and also that the improvement plan the Council was operating to post CPA was now two years out of date and the Council were keen to know which tasks were could be laid to rest following the significant improvements that had been made. Mike Thomas confirmed

that whilst the focus of the consideration of direction of travel would be on service delivery a view could be given on progress on the improvement plan.

Resolved:

That the report be noted.

4 STATEMENT OF ACCOUNTS 2004/05

Andrew Clarke, Corporate Finance Manager outlined that the accounts had been completed by 30 June 2005, with a target for 2006 of having the accounts approved by 30 June 2006. It was further noted that the inspection period for the accounts had begun at start of July.

In the course of discussion Members expressed concern at the extent of the Pensions deficit. It was clarified that the figures presented a snap shot of our accounts at the 31st March 2005, it was confirmed that following the actuarial review rates had increased.

It was also noted that there had been a dramatic reduction in audit fees due to the end of the District Auditor investigation, it was additionally noted that due to changes in accounting practice there had been changes to the way in which the Council's assets were shown.

Resolved:

- 1) That Committee consider the attached Accounts and issues arising.
- 2) That the draft Statement of Accounts for the financial year ended 31 March 2005 be approved, and that the Chairman signs and dates the Accounts accordingly.

5 INTERNAL AUDIT PLAN 2005/06

Derek Whiteway, Internal Audit Manager introduced the Audit Plan for 2005/06. It was outlined that many areas of the plan were designed to support and compliment work being carried out by external audit, particularly procedures and arrangements. The statement of Internal Control had been a major piece of work.

Resolved:

That the Internal Audit Annual Plan be approved.

6 RESULTS OF INTERNAL AUDIT WORK REPORT

Bob Bailey, Principal Auditor introduced the report which updated Members on audit work since January 2005. It was noted that due to various reasons progress on some areas had been slower than others, particularly two lengthy investigations which were carried out and as a result investigations in the current year were being limited to financial and that services would need to do this work. The key areas of audit were highlighted and explained.

In response to these the following issues were raised, that the Highways Partnerships had a number of issues, which were difficult to resolve in a timely fashion. It was felt that further work needed to be done to assist local companies in applying for Council contracts.

Further work was also being considered on electronic payments although risks were felt to be minimal.

Resolved:

That the report be noted.

7 RISK MANAGEMENT PROGRESS AND PROPOSED WORK PLAN

Nadine Muschamp, Head of Financial Services outlined that work was taking place to develop a database which was required to demonstrate that the authority had considered risk effectively. It was outlined it was proposed to raise the profile of 'risk' through appointing Member and Officer Champions.

In the course of discussion it was suggested that there may well be no point in insuring some items in the future, particularly where these had adequate security and were stored securely and that a balance needed to be struck. It was also felt that whilst risk should have due consideration the organisation should avoid the creation of risk adverse managers.

Resolved:

- 1) That the progress made to date with the risk management programme be noted.
- 2) That the revised risk management policy and strategy as set out in the report be approved, and the supporting work plan for 2005/06 be endorsed.
- 3) That the Chair of the Audit Committee and the Corporate Director (Central Services) be designated Risk Management Champions for the Authority, as set out in the proposed Strategy.

Chairman

(The meeting ended at 7.45 p.m.)

**Any queries regarding these Minutes, please contact
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