

AUDIT COMMITTEE

6.00 P.M.

28TH JUNE 2006

PRESENT:- Councillors Malcolm Thomas (Chairman), Ian Barker, Jon Barry,
Keith Budden, Alex Stone and David Whitaker.

Apologies for Absence:-

Councillor Geoff Wilson.

Also in Attendance:-

Fiona Blatcher Audit Commission.

Officers in attendance:-

Roger Muckle	Corporate Director (Finance and Performance)
Nadine Muschamp	Head of Financial Services
Sarah Taylor	Head of Legal and Human Resources (part)
Andrew Clarke	Accountancy Services Manager
Derek Whiteway	Internal Audit Manager
Bob Bailey	Principal Auditor
Stephen Metcalfe	Principal Democratic Support Officer

1 APPOINTMENT OF VICE-CHAIRMAN

It was moved by Councillor David Whitaker and seconded by Councillor Ian Barker: -

“That Councillor Alex Stone be appointed Vice-Chairman of the Audit Committee for the Municipal Year.”

Upon being put to the vote, Members voted unanimously in favour of the proposition, whereupon it was declared the proposition to be carried.

Resolved:

That Councillor Alex Stone be appointed Vice-Chairman of the Audit Committee for the Municipal Year.

2 MINUTES

The Minutes of the meeting held on 26th April 2006 were agreed as a true and correct record.

3 PROPOSED REVISED TERMS OF REFERENCE FOR PERSONNEL COMMITTEE AND APPEALS COMMITTEE

The Head of Legal and Human Resources submitted a report for Members to consider the recommendations of the Council's Personnel Committee on proposed changes to the Terms of Reference for Personnel Committee and Appeals Committee and to make recommendations to Council for the amendment of the Constitution.

It was reported that, at its meeting held on the 30th May 2006, the Personnel Committee had considered a report on proposed changes to its Terms of Reference and to the delegations to officers in respect of personnel matters. Members were advised that the proposed changes were intended to give the Committee a more strategic role in terms of policy development with more day-to-day decisions delegated to the Chief Executive (Head of the Paid Service), and, where appropriate, to Corporate Directors and Service Heads.

The Personnel Committee had recommended to this Committee the proposed amended terms of reference as set out in Appendices C and D to the report, on the basis that any appeals would be dealt with by the full Personnel Committee of seven members (with the normal quorum of three as set out in the Constitution) rather than a sub-committee of three as suggested in option 4 of the report.

The Personnel Committee, however, resolved that this recommendation should be subject to the views of the members of the Appeals Committee being sought prior to consideration of the matter by the Audit Committee. In accordance with this resolution, a letter was sent to all members of the Appeals Committee on the 31st May 2006, inviting their comments. The Chairman of the Appeals Committee had indicated that she had no objections to the proposal. Members were advised, at the meeting, that no other comments, from members of that Committee, had been received.

Resolved:

- (1) That the Committee notes the recommendations of the Personnel Committee and the views expressed by the Chairman of the Appeals Committee.
- (2) That, in accordance with Article 15 of the City Council's Constitution, Council be recommended to approve the proposed changes to the Terms of Reference for Personnel Committee and Appeals Committee and delegations to officers, as set out in Appendices C and D to the report to the Personnel Committee of the 30th May 2006.

4 ANNUAL AUDIT AND INSPECTION PLAN 2006-07

The Corporate Director (Finance and Performance) submitted a report that sought the Committee's endorsement to the 2006/07 Annual Audit and Inspection Plan.

Fiona Blatcher (District Audit) was in attendance at the meeting and reported on the Plan, submitted as an Appendix to the report. The 2006/7 Plan mapped out the programme of audit work planned for 2006/7 based on a risk assessment undertaken by the District Auditor that had regard to previous recent assessment and inspection work.

As in previous years, the Programme was delivered in partnership with the Council's own Internal Audit staff. The Plan clearly set out what part of the programme would be undertaken by the District Auditor and that to be undertaken by the Council's Internal Audit.

Resolved:

- (1) That the Committee endorse the 2006/7 Annual Audit and Inspection Plan.

5 STATEMENT OF ACCOUNTS 2005/06

The Head of Financial Services submitted a report that sought Members' approval of the draft Statement of Accounts for 2005/06 and outlined the audit process for information. Amendments regarding the Statement of Accounts were circulated at the meeting for Members' consideration. It was noted that the Accountancy Services Manager would circulate a summary of accounts to Members for their comments.

Members were requested to approve the accounts, as set out and amended, which would meet the statutory deadline and further information could be requested. As the approval process represented, in the main, an acknowledgement that the draft accounts had been completed, there were no substantive alternative options put forward. If, however, Members had concerns or issues regarding the accounts, these may be noted and further information could be submitted to a future meeting of the Committee.

In conclusion Members were informed that the approval of the Accounts, as amended, by the Committee would ensure that the statutory deadline was met. This represented a significant achievement by all those involved in the process.

Resolved:

- (1) That the draft Statement of Accounts for the financial year ended 31st March 2006 be approved, as amended, and that the Chairman signs and dates the Accounts accordingly.

6 INTERNAL AUDIT ANNUAL REPORT 2005-06

The Internal Audit Manager submitted a report that informed the Committee of the extent and outcome of Internal Audit work during the 2005/06 financial year and presented an annual Statement of Assurance regarding the Council's Internal Control Framework. Members were informed that the report and assurance statement played a significant role in contributing to the City Council's responsibility to undertake an annual review of the Internal Control framework and publish a Statement on Internal Control.

The Committee was requested to accept the Council's Internal Audit's assurance statement as a contribution to the overall assessment of the Internal Control and Corporate Governance Statement.

The work of Internal Audit sought to provide assurance to the City Council as to the appropriateness and effectiveness of its internal control and corporate governance arrangements. During the 2005/06 financial year, Internal Audit's work had provided assurance in a variety of areas as well as incorporating a significant level of input and contribution to the development of a number of key systems and processes.

Resolved:

- (1) That the report be noted.
- (2) That the Controls Assurance Statement (paragraphs 2.10 to 2.14 of the report) be accepted and considered in relation to the proposed Statement on Internal Control and Corporate Governance.

7 STATEMENT ON INTERNAL CONTROL AND CORPORATE GOVERNANCE 2005/06

The Corporate Director (Finance and Performance) submitted a report that requested the Committee's approval for the draft Statement on Internal Control and Corporate Governance (SIC&CG) for the 2005/06 financial year. The report outlined the elements needed in relation to the systems of internal control, a statement on which must be published alongside the financial statements.

Members were advised that the draft Statement on Internal Control and Corporate Governance (SIC&CG) had been drawn up following a review of the City Councils' framework by a Management Group, this year comprising the Corporate Director (Finance and Performance), the Head of Financial Services (s151 Officer), the Head of Legal and HR (the Monitoring Officer) and the Internal Audit Manager.

A number of actions for improvement had been identified and these had been included in the Council's Corporate Improvement Plan that had recently been approved by Council.

Resolved:

- (1) That the Statement on Internal Control and Corporate Governance for 2005/06, as set out at Appendix B to the report, be approved for signing by the Leader of the Council, Chief Executive, Section 151 Officer and Monitoring Officer.
- (2) That the approach taken to incorporate actions for improvement in relation to identified control issues into the Corporate Improvement Plan be endorsed.

8 RISK MANAGEMENT PROGRESS AND PROPOSED WORK PLAN

The Internal Audit Manager introduced a report that informed the Committee of progress made to date with the risk management programme and sought Members' endorsement of the amended work plan for the forthcoming year.

It was reported that through the adoption of a Code of Corporate Governance, the City Council had committed to ensure that risk management played an integral part in the sound governance of the Council. The intention of a risk management policy was to promote the achievement of the Council's aims through the implementation of its risk management strategy. Audit Committee had approved a revised risk management policy and strategy at its meeting held on 27th July 2005. The report informed the Committee of the progress made since the last meeting on 26th April 2006, and outlined the key specific tasks for the next financial year.

The report advised in detail on: -

Operational Risk Registers;
Insurance and risk: The Viability of a self-Funding Option;
Benchmarking.

The work plan for the forthcoming year was set out in the report as follows:

Task	PROVISIONAL Target Date
Develop robust risk management procedures for partnership working.	1 st August 2006
Complete operational risk registers for each service.	31 st December 2006
Reassess the risks associated with 2006/07 Corporate Plan.	30 th June 2006
Ensure that project initiation documents include an adequate risk assessment.	TBC
Develop and deliver further appropriate training.	31 st March 2007

Members were asked to support the programme and/or indicate any other aspects that may wish to be considered.

Resolved:

- (1) That the progress made to date with the risk management programme be noted.
- (2) That the amended work plan be approved.

9 RESULTS OF INTERNAL AUDIT WORK

The Internal Audit Manager submitted a report that informed the Committee of the results of Internal Audit work for the period. The Principal Auditor introduced the report and advised that, at the completion of each audit, the summary report and action plan and the summary report for each follow-up review were issued to Members for consideration. For each audit, a combined report including the Summary Report and Action Plan had also been posted on the Council's Intranet site.

The 'headline messages' arising from the following audit reports were submitted as an Appendix to the report.

New Audit Reports:

Audit Title:

Report Date:

04/0575 Project Management	20 th April 2006
05/0626 Housing Benefits 2005/06 (Claims Security)	25 th April 2006
05/0615 Council Tax 2005/06	2 nd May 2006
05/0606 Income Tax and National Insurance	10 th May 2006
05/0616 Main Accounting 2005/06	16 th May 2006

Follow-Up Reviews – none issued during this period.

These reviews had not highlighted any issues, which might warrant the Committee's attention or further consideration. The most significant outcome in corporate terms was that a programme for the implementation of a project management methodology was now underway under the direction of a corporate project management group headed by the Head of Financial Services.

Resolved:

- (1) That the report is noted.

Chairman

(The meeting ended at 7.25 p.m.)

**Any queries regarding these Minutes, please contact
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