

AUDIT COMMITTEE

6.00 P.M.

24TH JANUARY 2007

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

Apologies for Absence

Councillor John Gilbert

Officers in attendance:-

Roger Muckle	Corporate Director (Finance and Performance)
Nadine Muschamp	Head of Financial Services
Derek Whiteway	Internal Audit Manager
Lynne Armistead	Risk and Insurance Manager
Stephen Metcalfe	Principal Democratic Support Officer
Sharon Marsh	Democratic Support Officer

16 MINUTES

The Minutes of the meeting held on 20th September 2006 were agreed as a true and accurate record.

17 LOCAL GOVERNMENT OMBUDSMAN - ANNUAL LETTER 2005/06

The Principal Democratic Support Officer presented a report that advised Members of the publication of the Local Government Ombudsman's Annual Letter and Report for 2005/06. The key points of the report were summarised and it was noted that the responsibility for complaint and enquiry handling had been transferred from Democratic Services to the Information Management Officer and that this had already resulted in an improvement in performance.

The Committee were requested to consider whether it would be useful to invite the Ombudsman to give a presentation to the Council on how complaints are investigated. It was thought that at this stage, with the improvements already made, it would not be necessary for the Ombudsman to give the presentation but that he be thanked for his report and the offer of the presentation.

Resolved:

- (1) That the Ombudsman's Annual Letter for 2005/06 is noted.
- (2) That it be noted that a link to the Ombudsman's website has been included on the Council's website as suggested.
- (3) That the Ombudsman is not invited to make a presentation on how complaints are investigated, but that he be thanked for his report and the offer of the presentation.

18 APPOINTMENT OF EXTERNAL AUDITORS

The Corporate Director (Finance and Performance) submitted a report to inform the Committee of the proposed change to the Council’s external auditor.

Members questioned why the change had been made and were informed that a regular change of external auditor was considered best practice by the Audit Commission.

Resolved:

- (1) That the Committee note the proposed change to the City Council’s external auditor.
- (2) That the Committee note that following discussions with the Chairman of the Committee, the Cabinet Members with responsibility for Finance and the Council’s Section 151 Officer, no objection to the proposal was made under the agreed consultation process.

19 AUDIT COMMISSION WORK PROGRAMME AND FEES 2007/08

The Corporate Director (Finance and Performance) submitted a report to advise Members of the Audit Commission’s recently issued proposals for their 2007/08 work programme and scale of fees.

It was noted that the exact content of the Programme and fee level would be subject to negotiation.

Resolved:

That the Audit Commission’s proposals are noted.

20 AUDIT COMMITTEE TERMS OF REFERENCE

The Internal Audit Manager introduced a report that sought Members support for a number of proposed changes to the Audit Committee’s Terms of Reference and recommended changes to the Council’s Constitution.

Members discussed the proposals at length and focussed on the composition of the Committee. The viability of only allowing one Member from Cabinet and one Member from Scrutiny on the Committee was discussed and it was decided that, given the Council’s current political make-up, it would be too difficult to put this into practice at present, but that the position should be considered again in the future.

Resolved:

That the proposed alterations, set out below, to the Audit Committee’s Terms of Reference are endorsed and a recommendation made to full Council that they be adopted into the Constitution:-

Existing paragraph	New paragraph
Composition	Add that the Chairman must not be a

	member of Cabinet or Scrutiny.
n/a	To review any issue referred to it by the Chief Executive or a Director or any Council body
n/a	To approve a Statement of Purpose for the Audit Committee
n/a	To be consulted as part of the process in agreeing the appointment by the Audit Commission of the Council's external auditor
12. To monitor the effectiveness of the Code of Corporate Governance	To monitor the effective development and operation of risk management and corporate governance in the Council; and To oversee the production of the authority's Statement on Internal Control and Corporate Governance and to recommend its adoption.
13 To refer to Council any matter it shall see fit.	To prepare an annual report to Full Council setting out the Committee's work and performance during the year; and To refer to Council any matter it shall see fit.

21 RISK MANAGEMENT AND PROPOSED WORK PLAN

The Head of Financial Services presented a report to inform the Committee of the progress made to date with the risk management programme and sought Members' endorsement of the amended work plan for the forthcoming year.

The Risk and Insurance Manager informed the Committee of the four main areas of progress, as set out in the report. Emphasis was placed on the Risk Register Reports and Members discussed, at length, the key to the report symbols and the way the report was set out. It was noted that the situation was ongoing and that scoring was given in relation to the objectives. Members thought that the Risk Register should explain that it was about assessing risk and that whether or not the target was reached was irrelevant.

The Corporate Director (Finance and Performance) reported that Management Team found the Risk Register very helpful as it pulled information together and helped identify any gaps. The report would help Officers deliver projects successfully.

Members considered the amount of paperwork that Officers had to deal with and discussed at length its usefulness. In particular, a query was raised regarding the amount of financial information requested from services. It was agreed that the Head of Financial Services would summarise such information requirements in the context of the Financial Regulations and Procedures required, in order to maintain an adequate level of governance with a report being submitted to this Committee thereon.

Resolved:

- (1) That the progress made to date with the risk management programme be noted.

- (2) That the amended work plan, as set out in the report, be supported.
- (3) That the Head of Financial Services reports back on the financial reporting requirements placed on services, in context of Financial Regulations and Procedures, required to maintain an adequate level of governance, and the reasoning behind them.

22 2006/07 REVIEW OF INTERNAL CONTROL AND CORPORATE GOVERNANCE

The Internal Audit Manager submitted a report to advise Members of the arrangements and timetable for the 2006/07 annual review of the City Council's internal control and corporate governance framework. It was reported that this was now a mandatory process.

Members were asked to consider the results from the 2005/06 review and form a view on whether they felt any aspects of the framework required particular attention in the forthcoming review. Members had no further comments to add to the report at the meeting.

Resolved:

That the report be noted.

23 RESULTS OF INTERNAL AUDIT WORK

The Internal Audit Manager presented a report that informed the Committee of the results of Internal Audit work for the period.

The Head of Financial Services provided an update on the VAT audit report and amongst other things it was specifically proposed to increase the training given on invoices.

A briefing note from the Human Resources Manager to update the Committee about the Disability Discrimination Act and Race Equality Compliance in Relation to Recruitment was distributed at the meeting.

It was noted that there would be a follow up report in the new Municipal year.

Resolved:

- (1) That the report be noted.
- (2) The Committee requests further updates on progress with action plans relating to the audits of Value Added Tax and DDA and Race Relations Compliance in relation to recruitment to its first meeting in the new Municipal year.

24 INTERNAL AUDIT MONITORING

The Internal Audit Manager presented a report to advise Members of the latest monitoring position regarding the 2006/07 Internal Audit Plan and sought approval for a series of proposed measures for the remainder of the Plan. The options were presented

and Members were informed that the officer preferred option was Option C.

Resolved:

- (1) That the current monitoring position is noted.
- (2) That the following adjustments to the Internal Audit Plan set out in Option C below are approved.

Source of savings	Potential	Option C
Application from General Contingency	45	35
Postponement of Efficiency & VfM work (projects & reviews)	40	40
Postponement of unallocated Computer Audit work	22	22
Savings on Risk Management and Performance Management	15	15
Postponement of outstanding scheduled audits of:		
• Sundry Debtors	5	
• Asset Management	15	
• Corporate Governance	29.5	
• Performance Management	25	
• Legality	15	
• Risk Management	20	
• Workforce Management Strategy	15	15
• Facilities Management	15	
Total		127

Chairman

(The meeting ended at 7.32 p.m.)

**Any queries regarding these Minutes, please contact
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