

AUDIT COMMITTEE

6.00 P.M.

23RD SEPTEMBER 2009

PRESENT:- Councillors Janice Hanson (Chairman), Jon Barry, Abbott Bryning, Roger Dennison, Tony Johnson and Geoff Knight and Keith Sowden

Also in attendance:-

Kevin Wharton	KPMG
Heather Garrett	KPMG

Officers in attendance:-

Nadine Muschamp	Head of Financial Services and Section 151 Officer
Derek Whiteway	Internal Audit Manager
Robert Bailey	Principal Auditor (part)
Debbie Chambers	Principal Democratic Support Officer
Tom Silvani	Democratic Support Officer

13 MINUTES

The minutes of the meeting on 30 June 2009 were agreed and signed as a correct record.

14 CORPORATE GOVERNANCE AND THE AUDIT COMMITTEE

The Internal Audit Manager gave a verbal presentation to inform Members about Corporate Governance.

Members discussed the importance of ensuring that a coordinated and consistent approach to governance was being conducted across all areas of the Council.

The Committee discussed the performance indicators measuring energy usage in the district and fuel poverty. Members expressed concerns about how these indicators were monitored to ensure they were being met.

Members also discussed the remit of Audit Committee and the Budget and Performance Panel and requested clarification of those roles at a future meeting.

Resolved:

- (1) That Officers be asked to consider the performance indicators measuring energy usage in the district (NI186) and fuel poverty (NI187), and to consider whether improvements in these indicators are being met. This would involve looking at whether adequate measures are being drawn down by the council and other partners in the district from the various sources available.
- (2) That Officers arrange an awareness session for a future meeting clarifying the roles and remits of the Audit Committee and the Budget and Performance Panel.

15 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

There were no items of urgent business.

16 DECLARATIONS OF INTEREST

Councillor Johnson declared a personal interest in any discussion relating to Williamson Park, as a member of the Williamson Park Board (minute 17 refers).

17 RESULTS OF INTERNAL AUDIT WORK

The Internal Audit Manager introduced a report that informed the Committee of the results of Internal Audit work and provided an update on levels of assurance issued for areas audited since they were last considered by the Committee on 22 April 2009.

Members discussed the assurance opinion for Williamson Park, which had remained at 'Limited'. Members were concerned that the Committee was not aware of what was being done with respect to Williamson Park and requested assurance that the transition of the management and operation of Williamson Park back into Council control was underway.

Members requested that the Head of Cultural Services provide an update to the Committee on the Council's plans for this transition.

Resolved:

- (1) That the report be noted.
- (2) That a report be requested on the arrangements in place to bring Williamson Park back into Council control for the next Committee meeting and the Head of Cultural Services be invited to attend to present the report, if appropriate.

The Principal Auditor left the meeting at this point.

18 INTERNAL AUDIT MONITORING

The Internal Audit Manager presented a report that advised Members of the latest monitoring position regarding the 2009/10 Internal Audit Plan.

The report asked Members to note the current monitoring position, to approve the proposed adjustments to the Internal Audit Plan as set out in paragraphs 2.10 and 2.11 of the report, and to endorse the proposed schedule of internal audit assurance work as attached to the report at appendix B.

Members discussed the proposed 2009/10 Internal Audit Plan in detail, and the priority level of some of the assignments.

Resolved:

- (1) That the current monitoring position be noted.

- (2) That the proposed adjustments to the Internal Audit Plan as set out in paragraphs 2.10 and 2.11 of the report be approved.
- (3) That the proposed schedule of internal audit assurance work, attached to the report at Appendix B, be endorsed, subject to the addition of the work around energy usage and fuel poverty in the district set out above in Minute 14, resolution (1).

19 ANTI-MONEY LAUNDERING POLICY

The Internal Audit Manager presented a report which sought Members approval for a proposed policy dealing with the Councils exposure and responsibilities in relation to money laundering activity and the proceeds of crime.

Members were informed of recent changes to the legislation concerning money laundering which placed obligations on all individuals, including employees and Elected Members, and on the Council to prevent the use of its services for money laundering.

It was reported that a detailed anti-money laundering guidance note had been produced, and that it was proposed to use this document as the basis for providing appropriate training and guidance to employees and Elected Members.

Members discussed the proposal included within the policy that the Council would not accept any cash payment over £1000, Members queried whether this policy was without exception. It was reported that it was the Council's aim to phase out cash payments entirely.

Resolved:

- (1) That the proposed Anti-Money Laundering policy be approved.
- (2) That the proposed Anti-Money Laundering Guidance Notes (attached as Appendix B to the report) be endorsed.
- (3) That the proposed amendments to the Financial Regulations and Procedures in the Council's Constitution, (set out in Appendix C to the report) be approved.
- (4) That, as set out in the Anti-Money Laundering Policy, the Internal Audit Manager review the operation and effectiveness of the Policy annually and report back to the Audit Committee.

20 STATEMENT OF ACCOUNTS 2008/09

The Head of Financial Services presented a report that updated Members on the outcome of the audit of the Statement of Accounts 2008/09, and the Council's Use of Resources assessment.

Heather Garrett from KPMG reported that the external audit had gone smoothly and that the number of amendments required to the accounts was minimal. It was anticipated that an 'unqualified opinion' (effectively a 'clean bill of health') would be issued on the financial statements, subject to receipt of the 'letter of representation' signed by the Section 151 Officer.

Members were informed that the Audit Commission had introduced a new assessment for 2008/9 to assess how well organisations were delivering value for money and providing sustainable outcomes for local people. The assessment was based on three Key Lines of Enquiry (KLOE) themes; Managing Finances, Governing the business, and Managing Resources.

It was reported that the Council had been awarded a score of Level 1 for KLOE 3, Managing Resources, indicating that the Council's arrangements in relation to workforce planning were underdeveloped and lacked a strategic approach. .

The Committee expressed its concern at the low score for workforce planning and the need for assurance that the development of workforce planning was being addressed.

The Committee also looked at the use of resources and discussed the graph in Appendix 2 of the report, illustrating how the 2009/10 budget aligned to priority and non-priority areas. Members noted that Cabinet were working to improve the alignment of funds to the Council's priority areas.

It was further noted that, in 2010, the External Auditors would be looking at the Council's use of natural resources and Members requested further information about how the Council intended to tackle this issue.

Resolved:

- (1) That the report for 2008/9 by the Council's External Auditors be noted and the letter of representation be signed by the Section 151 Officer.
- (2) That the Chief Executive be asked to respond on all three Key Lines of Enquiry (KLOE) themes in the 2008/9 External Auditors report, explaining what the plans and progress are (in particular for KLOE 3.3 'Workforce Planning') and be mindful that next year the External Auditors will be looking at natural resources and report on what the Council intends to do about this matter.

Chairman

(The meeting ended at 8.02 p.m.)

**Any queries regarding these Minutes, please contact
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