

Audit Committee – 27 September 2006

Minutes of the meeting of the **Audit Committee** held on **27 September 2006** when there were present:-

Chairman: Cllr P K Savill

Cllr Mrs L A Butcher
Cllr K H Hudson
Cllr T Livings

Cllr Mrs J R Lumley
Cllr S P Smith

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs J P Cottis, K J Gordon, D G Stansby, and J Thomass.

OFFICERS PRESENT

P Warren	- Chief Executive
R J Honey	- Corporate Director (Internal Services)
Y Woodward	- Head of Finance, Audit & Performance Management
T Metcalf	- Audit & Process Review Manager
J Kevany	- Principal Auditor
J Bostock	- Principal Committee Administrator
J O'Brien	- Committee Administrator

ALSO PRESENT

D Eagles	- PKF Partner
A Kendall	- PKF Supervisor

314 MINUTES

The Minutes of the meeting held on 4 July 2006 were approved as a correct record and signed by the Chairman.

315 PROGRESS ON DECISIONS

The Committee received the Schedule relating to Progress on Decisions.

316 ANNUAL AUDIT & INSPECTION PLAN 2006/07

The Committee considered the report of the Head of Finance, Audit & Performance Management on the Annual Audit & Inspection Plan 2006/07.

Members' noted that:-

- The previous Community Overview & Scrutiny Committee had evaluated the effectiveness and value for money of a number of the Authority's key partnerships. A partnership guidance document had been agreed by Council and further partnerships were now being reviewed by Internal Audit in a programmed fashion.
- Members of the public have a statutory right to inspect accounts and make objections, which they can put to PKF.

Resolved

That the Annual Audit & Inspection plan be noted. (HFAPM)

317 EXTERNAL AUDIT FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE

The Committee considered the report presented by Mr David Eagles, of PKF, on the External Audit Final Report to those Charged with Governance and the Interim Audit Memorandum.

During discussion PKF wished to place on record their thanks to officers for their contribution to this report and for producing all associated documentation in good time. The Committee concurred with the observation of a Member that it would be appropriate for publicity to be given to what is a good report, perhaps via an article in Rochford District Matters.

It felt that elements of the format /layout of the report was confusing. It could be seen as important that the detail and presentation of information for this type of report should be as clear as possible. Officers confirmed that, for next year, the External Auditors would do a covering executive summary, highlighting key aspects of their assessment.

Resolved

That, subject to appropriate publicity, the External Audit Final Report to those Charged with Governance be noted, and that any action plans be reported through the audit process. (HFAPM)

318 KEY LINES OF ENQUIRY - USE OF RESOURCES JUDGEMENT 2005/06

The Committee considered the report of the Head of Finance, Audit & Performance Management which summarised the main issues arising from the key lines of enquiry use of resources judgement for 2005/06 carried out by the Council's external auditors PKF, and set out how the action plan arising from the assessment was to be implemented and monitored.

Responding to questions, officers advised that:-

- The Council is now in a position whereby all the key lines of enquiry (KLOE) scores associated with the 'Theme and Key Line of Enquiry' report should have moved up to a score of at least 2 in all areas, and 3 in some. Recent work has included the establishment of this Committee, the development of the Statement of Internal Control, the in-bedding of risk management, the establishment of a business continuity group, and the production of up to date procedure manuals.
- Whilst the Authority needs to keep on improving, the objectives associated with the KLOE process are subject to constant change, and it is important for Members of the Council to remain mindful of key areas of focus.
- Given the nature of the key statements connected with the KLOE it is possible for the Council to have achieved highly within scores. There is always a need to ensure evidence is shown.

Resolved

- (1) That the work of officers on a detailed action plan to improve the Use of Resources Judgement be noted. (HFAPM)
- (2) That the monitoring of the summarised action plan and reporting to Members as part of the regular monitoring of external audit's recommendations be agreed. (HFAPM)

319 CLOSURE OF ACCOUNTS 2005/06

The Committee considered the report of the Head of Finance, Audit & Performance Management which covered some of the detail on the Statement of Accounts that was submitted to Council on 27 June 2006.

The Head of Finance, Audit & Performance Management advised that changes will be made to future Closure of Accounts reports to provide more detail and background on the non-bracketed adverse figures.

It was observed that the resultant General Fund balance of £1,711,893 was positive, and pleasing to see.

Recommended to Full Council

That the budget amendments identified in the report be agreed. (HFAPM)

320 CODE OF CORPORATE GOVERNANCE

The Committee considered the report of the Chief Executive, which sought approval to the revised assessment of the Council's compliance with the Local Code of Corporate Governance.

The Code of Corporate Governance covered many of the areas included under the Statement of Internal Control, which Members had considered prior to the summer recess, and also picked up the key lines of Enquiry – Use of Resources Judgement. There was a linkage between all three.

Resolved

That the annual assessment of the Council's Local Code of Corporate Governance be agreed.

321 UPDATE OF AUDIT RECOMMENDATIONS

The Committee considered the report of the Head of Finance, Audit & Performance Management on recommendations from the External Auditors.

With regard to the Standards of Financial conduct and the prevention and detection of fraud and corruption item, officers advised that they are still awaiting receipt of a formal requirement that staff should sign a document stating that they have read and understood the Code of Conduct. It would, therefore, be appropriate to remove this item from the Committee's documentation.

The Committee concurred with the observation of officers that it would be appropriate to remove reference to requiring staff to sign a document that they have read and understood the Code of Conduct. This item can only be concluded when the Government issues guidance. The Council has an Officer Code of Conduct within its Constitution.

Resolved

That, subject to removal of the item relating to code of conduct, the monitoring sheets for the External Audit recommendations be agreed.

EXCLUSION OF THE PRESS AND PUBLIC

Resolved

That, the public and press be excluded from the meeting for the remaining item of business on the grounds that exempt information as disclosed in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed.

322 AUDIT REPORT

The Committee considered the exempt report of the Head of Finance, Audit & Performance Management, which drew Members' attention to completed audit investigations and provided an update of audit recommendations.

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In response to questions, officers advised that:-

- 'Deleted' items are removed from the report once they have been seen by the Committee.
- It was anticipated that a significant proportion of the training needs documentation will have been signed off over the next month.

Resolved

That the monitoring sheets for the Internal Audit Recommendations be agreed.

The meeting closed at 8.55pm.

Chairman

Date