

## **Audit Committee – 10 April 2007**

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Minutes of the meeting of the **Audit Committee** held on **10 April 2007** when there were present:-

Chairman: Cllr P K Savill  
Vice-Chairman: Cllr D G Stansby

Cllr Mrs L A Butcher	Cllr T Livings
Cllr J P Cottis	Cllr S P Smith
Cllr K H Hudson	Cllr J Thomass

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs K J Gordon and Mrs J R Lumley.

### **OFFICERS PRESENT**

Y Woodward - Head of Finance, Audit and Performance Management  
T Metcalf - Audit and Process Review Manager  
A Brown - Payments and Income Manager  
J Kevany - Principal Auditor  
J Bostock - Principal Committee Administrator

### **ALSO PRESENT**

D Eagles and A Kendall of PKF, the Council's External Auditors.

### **113 MINUTES**

The Minutes of the meeting held on 20 February 2007 were approved as a correct record and signed by the Chairman.

### **114 PROGRESS ON DECISIONS**

The Committee received the schedule relating to progress on decisions.

#### **Proposed Review of the Effectiveness of Internal Audit (Minute 43/07)**

It was noted that officers were awaiting return communication from other authorities on the possibility of a partnership approach to the annual review.

### **115 ANNUAL AUDIT AND INSPECTION LETTER**

The Committee considered the report of the Chief Executive on the Annual Audit and Inspection Letter produced by the Audit Commission.

The Chairman welcomed Mr David Eagles of PKF who was in attendance to present the Letter. Mr Eagles wished to comment specifically on the Council's impressive performance in implementing the action plan relating to the use of resources.

Responding to questions, Mr Eagles advised that:-

- Whilst he was not able to offer observations from the perspective of a CPA inspector, from the audit perspective there had been improvement on the previous year. The development of a performance management document was a notable achievement. In audit terms, a local authority can be in the 'good' category when there is a score of three in each element of the use of resources. It is fair to say that movement to a higher assessment can require a high level of resources, although much can be achieved through identification/focus on priorities.
- The nature of the assessment associated with a statement in paragraph 14 of the Letter that 'consultation and engagement with some marginalized and vulnerable groups is limited' would be raised with the Audit Commission.

During discussion a Member referred to the importance to being able to clearly identify the actions being suggested by audit and inspection letters. Members expressed concern that, while the verbal presentation by Mr Eagles had focused on the positive improvements seen in the Authority, the Letter itself read more negatively. It was noted that this may be because the Audit Commission need to include enough negative points to support their recommendations. It was also noted that one of the recommended actions is that the authority needs to be able to demonstrate that it has sought to identify and contact marginalized and vulnerable groups. The Head of Finance, Audit and Performance Management advised that actions associated with the Letter would be included in quarterly reports to Members and that work was already underway to look at how the Council can demonstrate that it has identified marginalized and vulnerable groups. It was noted that current proposals associated with both the Local Strategic Partnership and the area committee element of a new political structure could be capable of assimilating observations around the value of seeking to engage with partners in identifying marginalized and vulnerable groups and providing a forum at which there is input from professionals working with such groups.

Members expressed some concern at references to the Council not having a clear integrated vision. It could be observed that the Council's vision was comparable with the vision of many other authorities and that the development of related strategic architecture was key. The introduction of a new sustainable community strategy and local development framework would bring clarity in terms of the setting out of vision in both land use/spatial and community strategy terms. A move towards executive board arrangements under a new political structure could assist in the delivery of messages on vision. It was noted that, currently, questions can be raised on the clarity of vision associated with Thames Gateway South Essex and how it will be resourced.

Mr Eagles advised that vision can be about clarity in translating broad aims into specific actions. Observations relating to the vision of Thames Gateway South Essex would be considered.

A Member observed that a distinction could be drawn between comment in the Letter that some aspects of delivery by partners needs to be more robustly managed and the fact that there is not necessarily actual evidence on the nature of partner outcomes to establish whether they are going well or not.

Responding to a Member question, the Head of Finance, Audit and Performance Management confirmed that efficiency savings of £188,000 had already been identified for 2007 and that the mechanism used to identify efficiency savings was being further refined.

### **Resolved**

- (1) That the content of the report and the four areas highlighted for further focus by the Council throughout 2007 be noted.
- (2) That quarterly reports on progress against each of the four areas be received to ensure effective implementation of the issues to be addressed. (CE)

### **116 INTERNAL AUDIT END OF YEAR REPORT 2006/07 AND PROPOSED AUDIT PLAN FOR 2007/08**

The Committee considered the report of the Head of Finance, Audit and Performance Management on achievement of the 2006/07 Audit Plan and the proposed 2007/08 Audit Plan.

Responding to questions, the Audit and Process Review Manager advised on the background to the percentage statistics associated with each year's audit plan.

It was noted that a Principal Auditor post may need to be re-advertised and that there would be an update report should this have any implications for audit plan arrangements. It was also noted that:-

- Arrangements associated with the Council's whistle blowing policy included six monthly contact with Heads of Service to ascertain if they had any issues.
- 15 days would be allocated to the implications of housing transfer.
- There is a possibility that the new Rochford Housing Association would wish to utilise the Council's audit service.
- Work around contract monitoring was ongoing.

### **Resolved**

- (1) That the completion of the 2006/07 audit plan be noted.
- (2) That the audit plan for 2007/08, as attached to the report, be agreed. (HFAPM)

### 117 UPDATE OF EXTERNAL AUDIT RECOMMENDATIONS

The Committee considered the report of the Head of Finance, Audit and Performance Management on the recommendations of the External Auditor's final report to those charged with Governance.

#### **Resolved**

That the monitoring sheets for the external audit recommendations, as attached to the report, be agreed. (HFAPM)

### 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 defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed.

### 118 AUDIT REPORT

The Committee considered the exempt report of the Head of Finance, Audit and Performance Management which drew attention to completed audit investigations and provided an update of audit recommendations. A verbal update was provided on a number of recommendations that had been implemented since the report was prepared.

#### **Main Accounting 2 – Report 14 (2006/07)**

Responding to questions, officers advised that:-

- The issues associated with migration to the new finance system, DIMENSIONS, were expected to be resolved shortly.
- Audit work has included a review of aspects of online payments. The precise position with regard to liability when payments are made online for services managed on the Council's behalf by another party would be checked.

#### **Debtors – Report 4 (2006/07)**

A Member observed that the low level of write-offs was pleasing. It was noted that the Authority had appointed a new debt collection agency.

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### Resolved

- (1) That the conclusions and results from the audits be agreed.
- (2) That the updated information on the audit recommendations be agreed (HFAPM)

The meeting closed at 8.57 pm.

Chairman .....

Date .....

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