

Audit Committee – 25 September 2007

Minutes of the meeting of the **Audit Committee** held on **25 September 2007** when there were present:-

Chairman: Cllr Mrs L A Butcher

Cllr J P Cottis
Cllr Mrs J Dillnutt
Cllr K A Gibbs

Cllr Mrs S A Harper
Cllr Mrs J A Mockford
Cllr D G Stansby

VISITING

Cllrs P F A Webster and Mrs B J Wilkins.

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs J Thomass, S P Smith and T Livings.

OFFICERS PRESENT

P Warren	- Chief Executive
Y Woodward	- Head of Finance, Audit and Performance Management
T Metcalf	- Audit and Process Review Manager
J Kevany	- Principal Auditor
T Harper	- Senior Performance Management Officer
J Bostock	- Principal Committee Administrator
M Power	- Committee Administrator

ALSO PRESENT

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

310 MINUTES OF THE MEETING

The Minutes of the meeting held on 12 July 2007 were approved as a correct record and signed by the Chairman.

311 DECLARATIONS OF INTEREST

Cllr Mrs S A Harper declared a personal interest in Item 10 of the agenda relating to the Partnership Review, by virtue of her being a member of the Castle Point and Rochford Domestic Violence Panel. Cllr Mrs J A Mockford also declared a personal interest in Item 10, by virtue of her being on the Thames Gateway Area Waste Joint Committee.

312 EXTERNAL AUDIT REPORT TO THOSE CHARGED WITH GOVERNANCE

The Committee considered the report of the Head of Finance, Audit and Performance Management on the external audit report to those charged with governance.

The Chairman welcomed Mr David Eagles and Mr A Kendall of PKF who were in attendance to present the report. Mr Eagles commented that major changes had been required this year to the presentation of accounts because of new accounting procedures. In addition to presenting the current year's accounts in the new format, the previous two years' accounts had to be re-worked into the new format in order to obtain comparative figures. This reinterpretation of previously submitted accounts had created some problems.

Mr Eagles added that other authorities across the County had experienced similar problems because of these changes. A review of the Council's financial processes was being made to ensure that the same issues did not arise in next year's accounts. Further changes to accounting standards were expected, including the introduction of Public Sector International Standards from 2008/9. The PKF Auditors reported a good year working with the Council's Internal Audit.

Responding to a concern expressed by Members, Mr Eagles advised that the Council had been granted an 'Unqualified Opinion' on the Statement of Accounts, meaning that the accounts were satisfactory. The accounts had been presented within the statutory deadline. The problems encountered had been picked up by systems put in place by the Council. PKF Auditors would be happy to guide Council officers towards further developing the system to ensure that any accounting errors were uncovered internally.

It was agreed that Members of the Committee, and any other interested Members, should be offered training on issues such as accounting procedures and financial/audit terminology, given the changes in practices now underway.

PKF also reported on one uncorrected misstatement in this year's accounts in relation to out of date unpresented cheques totalling £14,000, which PKF had agreed was immaterial. This has been included in the Action Plan in PKF's report, which will be monitored and reported to Members as part of the normal monitoring arrangements. Members were requested to accept the draft letter of representation (attached to the report as Appendix B).

Resolved

That the PKF report be noted and that implementation of any Action Plans be reported through the audit process. (HFAPM)

313 PROPOSED REVISION TO THE AUDIT PLAN 2007/08

The Committee considered the report of the Head of Finance, Audit and Performance Management requesting Members to consider and approve a revised Audit Plan for 2007/08.

Members were advised that recruitment for an additional member of staff in the Audit Department was underway, which would help capacity issues for the remainder of the year.

Resolved

- (1) That the Revised Audit Plan for 2007/08 be approved.
- (2) That a progress report on the Revised Audit Plan be received in January 2008. (HFAPM)

314 PARTNERSHIP REVIEW

The Committee considered the report of the Head of Finance, Audit and Performance Management presenting the results of the reviews undertaken of five of the major partnerships in which the Council was involved. The Council had a rolling review programme of five to six partnerships per year.

It was important that the governance and accountability structures of the Council's partnerships were correct, as partnerships were becoming increasingly important to the Council. More activity was being channelled through partnerships and more funding was being made available via this route. By 2009 the Council would be judged in accordance with how effectively it worked in partnership with other bodies.

In response to a Member question, the Chief Executive advised that the programme of reviewing five partnerships each year could be amended if the Council accrued additional partnerships. The focus of the Council would be on those partnerships most critical to it and those that provided maximum benefit to the Council.

Resolved

- (1) That the findings of the reviews be endorsed.
- (2) That a report on the implementation of the recommendations made in respect of the Castle Point and Rochford Domestic Violence Panel be received in March 2008.
- (3) That the next reviews, as detailed in the report, be agreed.

- (4) That, at the next review of the Council's Constitution, the Financial Regulations and the scheme of delegation make specific reference to partnerships. (HFAPM)

315 DATA QUALITY PROGRESS REPORT

The Committee considered the report of the Head of Finance, Audit and Performance Management providing an update of the progress being made against the Data Quality Strategy and Data Quality Action Plan approved by the Audit Committee in July 2007.

Members were advised that Data Quality Awareness training for all staff, which had been scheduled to complete by 30 September 2007, was now expected to be completed during October 2007 owing to a higher than expected level of requests for the training to be personally delivered by the Internal Audit team. Completion would be recorded in a separate report to the next Audit Committee meeting. It was anticipated that the target date of April 2008 to reach Level 3 of the Audit Commission Data Quality Standard would still be achieved.

It was noted that a revised date of 31 October 2007 for making available to staff a directory of data sharing protocols was due to a greater level of research being required than had initially been anticipated.

Resolved

- (1) That the results of the Internal Audit of 2006/07 Performance Indicators and action taken be noted.
- (2) That the next Data Quality progress report be reported to the Audit Committee in March 2008 and at six monthly intervals thereafter. (HFAPM)

316 CLOSURE OF ACCOUNTS 2006/2007

The Committee considered the report of the Head of Finance, Audit and Performance Management on some of the detail relating to the Statement of Accounts that was submitted to the Council on 26 June 2007.

Recommended to Council

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

317 EXCLUSION OF THE PRESS AND PUBLIC

Resolved

That the press and public 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.

318 AUDIT REPORT

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

In response to questions, officers advised that:-

- With regard to the Telecoms report, it was anticipated that the majority of the Audit Recommendations with deadline dates of 30 September 2007 would be achieved. An update would be provided to Internal Audit during the first week of October 2007.
- One recommendation relating to Housing Rents had not been implemented due to the delay in completion of the Large Scale Voluntary Transfer of Housing. Work in this area would be transferred to Rochford Housing Association to implement.
- Housing Benefits fraud referrals were often received from members of the public. The referral process was advertised and the Council encouraged the public's involvement.

Resolved

- (1) That the conclusions and results from the audits, as set out in Appendix 1 of the exempt report, be agreed.
- (2) That the updated information on the audit recommendations, as outlined in Appendix 2 of the exempt report, be agreed.

The meeting closed at 8.35 pm.

Chairman

Date

If you would like these minutes in large print, braille or another language please contact 01702 546366.