

Audit Committee – 10 June 2009

Minutes of the meeting of the **Audit Committee** held on **10 June 2009** when there were present:-

Chairman: Cllr Mrs J A Mockford
Vice-Chairman: Cllr J P Cottis

Cllr Mrs L A Butcher
Cllr T Livings
Cllr J R F Mason

Cllr S P Smith
Cllr D G Stansby
Cllr M J Steptoe

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs K A Gibbs and J Thomass.

OFFICERS PRESENT

Y Woodward - Head of Finance, Audit and Performance Management
T Metcalf - Audit and Performance Manager
S Worthington - Committee Administrator

ALSO ATTENDING

L Clampin - PKF

136 MINUTES

The Minutes of the meeting held on 29 April 2009 were approved as a correct record and signed by the Chairman.

With reference to Minute 111/09, a Member reiterated his disappointment that the report on the handyman and gardening services had contained a recommendation that the issue be referred to the Review Committee.

137 ANNUAL AUDIT FEE: 2009/10

The Committee considered the report of the Head of Finance, Audit and Performance Management presenting to Members the proposed fees for the 2009/10 external audit and inspection work.

In response to a Member enquiry relating to whether there was a discretionary element to the proposed fees, officers advised that fees were set by the Audit Commission and varied according to the size of the organisation; Local Authorities could avoid some fees by undertaking some internal audit work and this was the case at Rochford.

Responding to an enquiry relating to the increase in Audit Commission inspection fees for 2009/10, officers confirmed that this was related to work associated with the new Comprehensive Area Assessment framework.

The external auditor advised, in response to a Member enquiry relating to the

risk of management override of controls, referred to on page 8.6 of the officer's report, that PKF had not identified any concerns relating to this Council's system of internal control; this was something that PKF assessed on an annual basis.

Resolved

That the external auditors and Audit Commission's planned audit and inspection work and their proposed fees for 2009/10 be noted. (HFAPM)

138 UPDATE OF EXTERNAL AUDIT RECOMMENDATIONS

The Committee considered the report of the Head of Finance, Audit and Performance Management drawing Members' attention to the remaining recommendation from the "Report to Those Charged with Governance, September 2008".

Resolved

That the completion of the External Auditor's recommendations from the audit of the 2007/08 accounts be noted. (HFAPM)

139 CLOSURE OF ACCOUNTS 2008/09

The Committee considered the report of the Head of Finance, Audit and Performance Management asking Members to consider some of the detail regarding the Statement of Accounts that will be submitted to the Council on 30 June 2009.

In response to an enquiry as to the nature of larger over-payments referred to on page 10.4 of the officer's report, officers confirmed that these related to over-payment of benefits as a result of changes in claimants' circumstances, which had subsequently been recovered by the Council.

Officers advised, in response to a query relating to over-spends and under-spends on the 2008/09 budget, that an overall under-spend of approximately £122,000 would be reported to Council. In response to a supplementary question relating to the nature of variances, officers confirmed that the Council had robust budget checking procedures; the budget was monitored on a monthly basis for over-spends and quarterly reports were made to the Executive.

Resolved

That the significant variances for 2008/09 budgets be noted. (HFAPM)

140 REVIEW OF RISKS FACED BY THE COUNCIL AS A RESULT OF THE ECONOMIC DOWNTURN

The Committee considered the report of the Head of Finance, Audit and Performance Management summarising a review undertaken at the request of the Audit Committee identifying additional risks facing the Council as a result of the economic downturn.

Responding to a Member question relating to investment income, officers confirmed that there had been a reduction in income to about £330,000 for 2009/10, compared to £800,000 in 2008/09 and that if interest rates were to remain at the current level this would drop by around £120,000 - £150,000.

Officers advised, in response to a Member query relating to participation in Government and Essex County initiatives to prevent homelessness and protect vulnerable households, detailed on page 11.6 of the officer's report, that the Council now had a fully staffed homelessness team. The housing waiting list was increasing, but was still small compared to other Authorities; regular meetings were held with Rochford Housing Association at which the homelessness issue was addressed.

A Member expressed the view that, given the current economic situation, homelessness would continue to rise; the District Council should not rely on County Council or Government initiatives to address this problem but should do more to help its residents. Officers confirmed that this issue would be raised with the Council's Strategic Housing Manager.

In response to a Member concern relating to the medium risk rating relating to the economic downturn, officers advised that, in financial terms, the maximum financial risk was approximately £250,000 in respect of reduced planning applications, £100,000 for land charges, £330,000 in investment income; in addition, there was an increasing demand for services such as benefits, which could not be accurately quantified. The Council's financial estimates had been revised during the year in response to the decline in income streams and this was being monitored on a monthly basis; two additional staff were being deployed into the Council's benefits team in response to the increased demand for benefits. The situation would continue to be closely monitored.

Resolved

- (1) That the risk assessment of the effect of the economic downturn on the Council be noted.
- (2) That the proposed addition to the Corporate Risk Register be approved.

- (3) That a further report on the review and management of this and other corporate risks be considered by the Audit Committee at the next meeting in September 2009. (HFAPM)

EXCLUSION OF THE PRESS AND PUBLIC

Resolved

That the press and public be excluded from the meeting for the remaining items of business on the grounds that exempt information as disclosed in paragraph 3 of Part 1 of the Local Government Act 1972 would be disclosed.

141 ANNUAL GOVERNANCE STATEMENT 2008/09

The Committee considered the exempt report of the Head of Finance, Audit and Performance Management identifying the key systems within the Council that ensure there is a good system of internal control and effective governance arrangements upon which assurance can be placed.

In response to a Member enquiry relating to partnerships, officers advised that some concerns had been raised relating to governance arrangements for one or two of the smaller partnerships; discussions had been held with those partners concerned to resolve this. Responding to a supplementary question relating to other Local Authorities' partnership arrangements, officers confirmed that this Council was at the forefront in terms of its work on improving its partnership working, particularly with respect to the Local Strategic Partnership. A lot of work was being undertaken within the Council on partnerships.

Resolved

- (1) That it be agreed that the level of assurance provided is sufficient to determine the weaknesses identified within the 2008/09 AGS.
- (2) That the 2008/09 Annual Governance Statement be agreed for signing by the Leader of the Council and the Chief Executive. (HFAPM)

142 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.

It was noted that, with respect to page 14.5 of the officer's report, the review of report number 15 (07/08) had been deferred to September 2009. Report 13 on the same page should be deleted from the schedule, as work had now been completed. Similarly, reports 15 and 16, detailed on page 14.6 of the officer's report, should also be deleted.

Resolved

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

The meeting closed at 8.15 pm.

Chairman

Date

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