

MINUTES OF THE AUDIT COMMITTEE

18 SEPTEMBER 2007

Present:

Councillor J.D. Pinkerton (Chairman)
Councillor K. Chouhan (Vice-Chairman)

Councillors:

M.L. Bouquet	E. O'Hara
M.J. Collis	H.A. Thompson

Apologies: Councillor C.V. Strong

In Attendance

Councillors: T.W. Crabb and J.D. Packman

289/07 MINUTES

The minutes of the meeting held on 19 June 2007 were approved as a correct record.

290/07 STATEMENT ON INTERNAL CONTROL - UPDATES

At the meeting of the Audit Committee held on 19 June 2007 the Statement on Internal Control was considered and the Committee resolved:

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1. that the draft Statement on Internal Control be approved and the improvement actions identified in part 5 of the Statement be endorsed.
2. that the Head of Audit Services update the next meeting of the Committee on monitoring undertaken by Audit Services to ensure adequate procedures are in place in respect of S106 agreements;
3. that the Head of Human Resources be asked to report to the next meeting of the Committee unless Audit Services were satisfied that checks of payroll transactions had been undertaken on a monthly basis during the coming quarter; and
4. to seek assurance from MAT that the concerns identified in the Statement of Internal Control on other 'significant internal control issues' were being addressed.”

The Senior Auditor reported at the meeting that Audit Services had met with Planning Officers and reinforced the need to comply with established procedures in respect of s106 agreements. Planning Officers had agreed to keep the register of the details of all s106 agreements up to date and included a section on 'monitoring of monies spent' to ensure monies were spent by the required timescales, which would be reported to and monitored by the Asset Management group on a quarterly basis. Responsibility for maintaining the s106 register had been assigned to the Enforcement officer, and Audit had advised the Head of Planning to oversee the s106 function to ensure there

was no risk of monitoring being overlooked. Any issues that arose would be reported to the Audit Committee.

The Chairman of the Planning Committee, Councillor E. O'Hara then informed Members that he had also asked for reports from the Asset Management group on s106 agreements where monies were outstanding, to be made to the Planning Committee.

The Head of Human Resources attended the meeting to explain the checks which were being made of payroll transactions. Due to various resource problems, she had not been able to implement the recommendations of Audit Services but had worked with Audit to improve work systems which allowed assurance checks to be accommodated within the whole section's workflows. Audit had agreed a programme of checks with the Head of Human Resources.

The Strategic Director (Support) on behalf of Management Team gave a written report updating Members on the current position in the following areas:

Main accounting system; sundry debtors; NNDR; payroll checks; projects; car parks; asset management; business improvement programme and business continuity.

The report reassured Members that the concerns identified in the Statement on Internal Control on other 'significant internal control issues' were being addressed. Management Team would continue to monitor progress on these issues.

The Committee accepted and noted the report.

291/07 EXTERNAL AUDIT REPORT ON 2006/07 AUDIT AND STATEMENT OF ACCOUNTS

Henry Arthurs, a partner with the Council's external auditors for the year 2006/07, highlighted the main conclusions of the External Audit report which gave an unqualified opinion on the financial statements.

- That the financial statements presented fairly the financial position of the Council as at 31 March 2007.
- The Statement on Internal Control produced by the Council complied with CIPFA guidance.
- That the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

He also detailed some further comments made by Baker Tilly in their report, including:

- That they were satisfied that the Council had properly dealt with significant changes in the accounting framework, which impacted upon its financial reporting requirements.

- That the Council had prepared the financial statements in accordance with the relevant accounting codes of practice.
- That Internal Audit testing was again of a good quality and met the external auditor requirements.

In conclusion, he praised the work of Internal Audit and the Head of Financial Services and his team for their excellent work in preparing the documentation.

RESOLVED that

1. the External Auditor's 2006/07 audit report be noted
2. the Strategic Director (Support) and the Chairman of the Audit Committee be authorised to sign the letter of representation at the earliest opportunity.

292/07 AUDIT SERVICES REPORT: JUNE – JULY 2007

The Head of Audit Services presented her report which outlined the work undertaken by Audit Services during the period June – July 2007 and responded to questions from Members. She highlighted significant areas of work including the internal audit partnership with Surrey Heath, Choice Based Lettings and the National Fraud Initiative.

Members asked about the risks associated with the Rent Deposit scheme and were advised that the system had only just been set up but that the Head of Audit Services would report back to the next meeting on the numbers of people assisted by this means and the incidences of lost finance.

RESOLVED that

1. the contents of the Audit Services' Report for June – July 2007 be noted and approved.
2. the Head of Audit Services report back to the next meeting of this Committee on the Rent Deposit scheme.

293/07 AUDIT CHARTER AND TERMS OF REFERENCE

The Head of Audit Services explained that the current Audit Charter had been approved by Members in 2003 and now required some revision following the review of internal audit presented to the Audit Committee at the previous meeting.

The Charter and Terms of Reference for Audit Services had been circulated to Committee Members with the agenda. It had been prepared following reference to the existing Charter, CIPFA model documents and the CIPFA Code of Practice for Internal Audit in Local Government and set out the responsibilities and scope of the Audit service.

The revised document had been amended to reflect: Partnership working; emphasis on risk based auditing; the relationship with the Audit Committee; new standards relating to fraud investigation; current audit planning processes; Quality Assurance and current audit resources.

RESOLVED that the Charter and Terms of Reference for Audit Services be approved.

294/07 CORPORATE RISK MANAGEMENT

The Senior Auditor reported that the Corporate Risk Register had been reviewed and updated by the Corporate Risk Management Group and was considered to be an accurate reflection of the high level risks affecting the authority, based on Audit Services' assessment of risk and controls in operation.

The Audit Committee was responsible for considering the effectiveness of the authority's risk management arrangements and had an opportunity to review the revised Corporate Risk Register and proposed actions for improvement.

Previously the Register had been reviewed annually, but it was intended to give quarterly updates in future to ensure actions were being taken on identified risks.

RESOLVED that the contents of the Corporate Risk Register be noted and approved.

295/07 MEETING DATE JUNE 2008

The Head of Financial Services had advised that the Audit Committee meeting date in the Council's diary of 5 June 2008 would be too early for the Committee to be able to consider and approve the Statement of Accounts.

A revised date of 24 June 2008 had been suggested for consideration.

RESOLVED that the meeting scheduled for the Audit Committee in June 2008 be moved to 24 June 2008.

296/07 COMMITTEE WORK PROGRAMME

The Committee considered its Work Programme for the period December 2007 to March 2008.

RESOLVED that the Work Programme as submitted be approved.