

## MINUTES OF THE AUDIT COMMITTEE

19 JUNE, 2007

### Present:

Councillor *J.D. Pinkerton (Chairman)*

Councillors *M.L. Bouquet, M. Collis, E. O'Hara and C. V. Strong*

**Apologies:** Councillors *K. Chouhan (Vice-Chairman) and H.A. Thomson*

### Officers

Deanna Harris – Head of Audit Services

Terry Collier – Head of Financial Services

Punita Talwar – Senior Auditor

Nighat Sheikh – Auditor

Trevor Baker – Senior Committee Manager

Gillian Hobbs – Committee Manager

### In Attendance

Derek McManus – Head of Audit, Surrey Heath

### 188/07 MINUTES

**RESOLVED** that the minutes of the meeting held on 24 May 2007 be approved as a correct record.

### 189/07 STATEMENT ON INTERNAL CONTROL

The Chairman proposed and Members of the Committee agreed to take items 7 (Statement on Internal Control), 8 (Statement of Accounts) and 9 (Approval of Statement of Accounts – amendment to terms of reference) on the agenda first, as these involved reports that had a statutory deadline for completion by 30 June 2007, so it was imperative that the Committee completed these items of business at this meeting.

The Head of Financial Services presented his report and outlined the content of the Statement on Internal Control. The Head of Audit Services summarised key areas of concern arising from work undertaken by Audit Services. Following lengthy discussion of the content of the Statement, Members sought and received assurances from Audit Services that the issue concerning an IT failure to properly back up one of the Council's systems had been addressed and was being monitored regularly. In addition, officers would make available to members of the Committee, copies of correspondence detailing enquiries to the Planning Department by Audit Services on income procedures relating to S106 agreements.

### RESOLVED:

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.

#### **190/07 STATEMENT OF ACCOUNTS**

The Head of Financial Services outlined the Statement of Accounts for 2006/07 and summarised the major differences between the final outturn and the original budget. The External Audit of the Council's accounts was due to commence in Mid August.

The Accounts and Audit Regulations required that the accounts for 2006/2007 be completed and approved by the full Council by 30 June 2007, and be signed by the Leader of the Council and the Council's Chief Financial Officer.

**RESOLVED** to recommend that the Council approve the Statement of Accounts 2006/2007 and agree that they be signed by the Leader of the Council and the Council's Chief Financial Officer.

#### **191/07 APPROVAL OF STATEMENT OF ACCOUNTS - Amendment to Terms of Reference**

The Head of Financial Services noted that under the Council's Constitution the annual Statement of Accounts were currently approved by Full Council.

He explained that in the past there had not been an Audit Committee and therefore there had not been an appropriate committee of the Council to approve the Statement of Accounts, as provided for under the Accounts and Audit Regulations 2003 10 (3) (a). It had been suggested that in light of 10 (3) of the Accounts and Audit Regulations that the remit of the Audit Committee be amended to enable it as an appropriate committee of the Council to approve the annual Statement of Accounts.

**RESOLVED** to recommend to Council that the Committee's terms of reference be changed to allow it in future to approve the annual Statement of Accounts subject to members of the Committee receiving appropriate and adequate financial training.

#### **192/07 AUDIT SERVICES REPORT: APRIL – MAY 2007**

Prior to presenting her report the Head of Audit Services circulated slides to members which explained the role of the Audit Committee and the difference between Internal and External Audit.

She then presented the report which outlined the work undertaken by Audit Services during the period April – May 2007 and responded to questions from Members. She highlighted significant areas of work including the internal audit partnership with Surrey Heath BC. She introduced the Head of Audit Services at Surrey Heath who explained his role in the Audit Services' partnership between Spelthorne and Surrey Heath.

**RESOLVED**

That the contents of the Audit Services' Report for April – May 2007 be noted and approved.

**193/07            AUDIT SERVICES ANNUAL REVIEW**

The Head of Audit Services presented the report on the Audit Services Annual Review, which was a new requirement of the Accounts and Audit Regulations. She gave an overview of the work undertaken by the Audit Services team last year and responded to questions from members. The report highlighted audit work of particular interest including:

- Compliance with the Chartered Institute of Public Financial Services and Accountancy (CIPFA) Code of Practice 2006
- External audit assessment/ reliance on internal audit
- Customer survey feedback
- Adding value and assisting the organisation in achieving its objectives

The Head of Audit Services also summarised achievements in Audit Services during 2006/7 and identified areas for improvement in the coming year.

**RESOLVED** that the Audit Services Annual Review 2007/08 as submitted be noted and approved.

**194/07            COMMITTEE WORK PROGRAMME 2007**

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

**RESOLVED** that the Work Programme as submitted be approved.