

MINUTES OF: THE AUDIT COMMITTEE

Date of Meeting: 5th JUNE 2008

**PRESENT: Councillor Gledhill (Chair)
Councillors A Barnes, Dickinson, Graham (substituting for Pawson)
Haworth, Lynskey, J Pilling**

**IN ATTENDANCE: Phil Seddon, Head of Financial Services
Andrew Fox, Principal Auditor, Lancashire Audit Service
Zaheer Abbas, Senior Auditor, Lancashire Audit Service
Tony Hough, Audit Commission
Pat Couch, Scrutiny Support Officer**

ALSO PRESENT: 2 Members of the Public

1. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Pawson and Clive Portman, District Auditor.

2. MINUTES OF THE AUDIT SCRUTINY COMMITTEE MEETING HELD ON 7 FEBRUARY 2008

Resolved:

That the Minutes of the meeting of the Audit Scrutiny Committee held on 7 February 2008 be signed by the Chair as a correct record, subject to an amendment in Item 6 to read Principal Auditor.

3. DECLARATION OF INTEREST

No declarations of interest were made.

4. URGENT ITEMS OF BUSINESS

The Chair reported that the Terms of Reference of the Audit Committee had been agreed at Annual Council.

The Chair agreed an urgent item of business relating to the Council's Statement of Internal Control. The reason for urgency being that the item was to be presented to the next meeting of the Accounts Committee on 30th June. The Head of Financial Services reported that the document was currently in draft form and would be circulated to Members of the Committee for comments. Thereafter the item would be submitted to the Accounts Committee and the final version would be presented to the Audit Committee in September.

Resolved:

That delegated authority be given to the Head of Financial Services to submit the Statement of Internal Control to the Accounts Committee on 30th June and that the final version be submitted to the Audit Committee at its next meeting.

5. PUBLIC QUESTION TIME

No questions were raised under this item.

6. PRESENTATION ON THE INTERNAL AND EXTERNAL PROCESS

Members received a presentation from the Audit Commission and the Internal Audit Service on the role of Audit.

The Audit Manager explained that External Audit provided opinions on whether the financial statement was fairly presented and whether the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Audit Code of Practice was reviewed every 5 years.

The Internal Auditor explained the process of internal audit, indicating that working with the Council they would agree practicable and workable solutions to any issues identified by the Auditors.

A number of questions were raised by members to which the Internal and External Auditors responded.

Resolved:

That the Audit Commission and the Internal Audit Service be thanked for their informative presentation.

N.B. The Committee agreed to consider the External Audit Reports comprising the Annual Audit and Inspection Letter, Data Quality and Use of Resources en bloc.

7. EXTERNAL AUDIT REPORTS

7a. ANNUAL AUDIT AND INSPECTION LETTER, DATA QUALITY AND USE OF RESOURCES

The Committee welcomed Tony Hough from the Audit Commission who reported on the key messages of the reports as detailed below.

- Rossendale recognised as one of the most improved Council's in the UK
- Good progress in priority services
- Much improved approach to community engagement and customer services – although user satisfaction still relatively low overall
- Partnership working starting to show community benefits.
- Council effectively engaged in sub-regional partnerships
- Data Quality – the Council's management arrangements for ensuring data quality is operating well
- The Council continues to perform adequately in the way in manages its use of resources having again been assessed at a level 2.

Members were pleased to note that the Direction of Travel for 2006/07 had shown how the Council was making improvements and its approach to securing value for money and delivering efficiency savings in excess of its targets.

A concern was raised in relation to community engagement and the low user satisfaction level and requested a report to the next meeting providing information on how this would be addressed during the next 12 months.

Resolved:

1. That the reports be noted.
2. That the Principal Partnership Officer and Head of Customer Services and ICT be invited to the next meeting to present information on the Council's approach to community engagement and methods to improve user satisfaction.

7b. AUDIT AND INSPECTION PLAN 2008/2009

Tony Hough presented the Audit and Inspection Plan which set out the audit and inspection work proposed to be undertaken for the 2008/09 financial year.

He reported that the Plan was based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA).

Tony Hough highlighted some of the inspection activity that would be undertaken as detailed below:

- Data Quality
- Use of Resources
- Annual Governance Report
- Auditors Report on financial statements
- Final accounts

Resolved:

That the Audit Inspection Plan be noted.

8. INTERNAL AUDIT REPORTS

8a ANNUAL AUDIT REPORT 2007/08

Zaheer Abbas, Senior Auditor, Lancashire Audit Service presented information on the planned activity and results of internal audit work undertaken during 2007/08. He reported that the overall opinion confirmed that the Council's internal control environment taken as a whole was adequate and generally effective. The matters included in the report had been discussed with individual service managers during the course of the year. In addition, Zaheer stated it was the auditor's role to check that recommendations in the 2006/07 report had been implemented and confirmed that the Council had taken considerable steps towards improving the segregation of duties.

A number of questions were raised by members relating to individual reviews including

- Disaster Plans;
- Leisure Trust;
- Debt Management.

Responses were provided by the internal audit team.

Resolved:

That the Internal Audit Annual Report for the period 1 April 2007 to 31 March 2008 be noted.

8b. ANNUAL AUDIT PLAN 2008/09

Andrew Fox, Principal Auditor, Lancashire Audit Service presented the proposed Internal Audit Plan for 2008/09. It was reported that the proposed plan amounted to 280 audit days and covered both core financial systems and focussed reviews. He summarised the planned work as detailed below.

- Core Financial Systems
- Focused reviews
- Data quality
- Planning
- National Fraud Initiative
- ICT Controls
- Client site management arrangements – Leisure Trust
- Health and Safety
- Business Continuity Planning

Resolved:

That the Internal Audit Annual Plan for the period 1 April 2008 to 31 March 2009 be approved.

9. NATIONAL FRAUD INITIATIVE

Andrew Fox, Principal Auditor, presented a summary of the 2006/07 National Fraud Initiative exercise completed in January 2008 together with an overview of the forthcoming mandatory exercise to be undertaken by the internal audit service in 2008/09.

The results of the completed exercise found no frauds and relatively small savings. The results also indicated that appropriate action had been taken by the Council to follow up identified data matches and investigate and recover funds owed to the authority.

New areas identified by the Audit Commission included Council Tax, Electoral Register, Insurance Claims and Personal Licences to Supply Alcohol.

A question was raised by Members in relation to the Council's decision not to submit electoral data to the Audit Commission in October 2007. There was ongoing discussion between the Audit Commission and the Council for this data to be submitted. The Committee asked for an update at the next meeting.

Resolved:

That the report be approved.

(The meeting started at 6.30pm and finished at 8.50pm)

Signed
(Chair)

Date

