

FINAL ACCOUNTS AND AUDIT COMMITTEE

MINUTES of a MEETING of the FINAL ACCOUNTS AND AUDIT COMMITTEE held at COUNTY HALL, TROWBRIDGE on THURSDAY 27 SEPTEMBER 2007.

PRESENT:

Mrs Scott (Chairman), Mrs NS Bryant, Mr P C B Coleman, Mr A Davis, Mr JP Johnson, Mrs JH Seager, and Mr CS Winchcombe.

24. **Apologies for Absence**

Apologies for absence were received from Mr J R Henning, Mr A Molland, Mr JB Osborn, Mr RT Rogers, Mr RS While and Mr Wren.

Mrs Bryant and Mrs Seager replaced Mr While and Mr Wren respectively for this meeting only.

25. **Minutes of Previous Meeting**

Resolved:

To confirm and sign the minutes of the meeting held on 28 June 2007.

26. **Chairman's Announcements**

The Chairman welcomed to the meeting Mr Bethell and Mr Smith from the Audit Commission in respect of the item referred to at minute no. 29 and Mr Gilbert in respect of the item referred to at minute no. 30. The Chairman also welcomed Denise Harvey the newly appointed Principal Accountant.

27. **Members' Interests**

No interests were declared.

28. **Public Participation**

None.

29. **Annual Governance Report Audit 2006/07**

Mr Peter Smith and Mr Brian Bethell of the Audit Commission attended the meeting for this item. Mr Bethell presented the Annual Governance Report Audit for 2006/07 for the Committee's consideration and comment.

The report gave the Auditor's views on the statement of accounts, our use of resources, performance data quality and the work of our internal audit section. It was a positive report which demonstrated continuing effective arrangements for accounting and audit. Mr Bethell guided members through the Report highlighting key issues and answering Members' questions. The Auditor had given an unqualified opinion on the financial accounts and our arrangements for value for money. A number of recommendations had been made some of which had already been agreed with officers.

The Audit Commission was no longer the Council's External Auditor; this role had now been taken over by KPMG. The Chairman thanked Mr Bethell and Mr Smith for their report and for the very good and positive relationship between the Council and the Audit Commission.

Mr Bethell commented that the Council had taken a positive and constructive approach to this audit. He thanked officers in particular Ian Burbidge, Denise Harvey and their team for their full cooperation and contribution.

Resolved:

- (a) To note the Annual Governance Report Audit 2006/07.**
- (b) To ask officers to agree responses to the recommendations of the report with the Auditor.**

30. **Audit and Inspection Plan**

Mr Darren Gilbert attended the meeting to present KPMG's Audit and Inspection Plan for 2007/08 for the Council. KPMG were the Council's new External Auditor and this Plan detailed the audit and inspection work KPMG proposed to undertake this financial year. Having taken over from the Audit Commission, this was very much a transition year whereby the Audit Commission still had a certain level of involvement in the Plan. Some of the key areas that would be looked at were the Local Area Agreement, financial arrangements, identified risks, business continuity and equalities and diversity.

A discussion ensued on the Plan and Mr Gilbert responded to Members' questions. It was noted that the Audit Commission was currently consulting on its recommendation to make changes to the audit of Local Government Pension Schemes. Such changes would involve pension funds being stand alone bodies with separate statement of accounts and annual reports and audited as separate audit engagements. The Chairman requested that the Pension Fund Committee be asked to respond on this point and for this Committee to monitor the situation. The Chief Financial Officer reported that meetings were being arranged with the relevant actuaries regarding the pension fund and the impact of having a unitary council.

The Committee requested the attendance of the Relationship Manager to future meetings of the Committee where possible.

Resolved:

- (a) That the Audit and Inspection Plan 2007/08 be received and noted.**
- (b) That the Pension Fund Committee be requested to respond to the consultation on changes recommended by the Audit Commission in respect of the Pension Fund and for the Final Accounts and Audit Committee to monitor the situation.**

31. **Final Statement on Internal Control 2006/07**

The Head of Legal and Democratic Services presented the Statement on Internal Control (SIC) for 2006/07 for the Committee's consideration and approval prior to publication with the Statement of Accounts.

A revised version was tabled at the meeting which highlighted minor amendments made since the Committee last considered the document on 28 June and also incorporated the comments made by the Audit Manager, Audit Commission regarding the Pension Fund. Cabinet had noted the SIC document at its meeting on 25 September.

The overall conclusion of the Internal Audit was that internal control was in place and operating satisfactorily. The Audit Manager had been consulted on the draft SIC and had indicated informally that apart from commenting on the Pension Fund which had been taken on board, he was satisfied broadly with the content.

Resolved:

That the Committee approve the final version of the Statement on Internal Control 2006/07 for publication with the Statement of Accounts on or before 30 September 2007.

. 32. **Final Statement of Accounts**

The Chief Financial Officer presented a report together with the Statement of Accounts for the Committee's consideration and approval prior to publication by 30 September. The Committee had at its last meeting approved the statement of accounts subject to audit.

The Audit Commission had completed the audit of the accounts and associated working papers and suggested a few amendments on how some of the figures were presented. These amendments had been incorporated and copies of the relevant pages were tabled at the meeting. None of the amendments had changed the results for the year.

The Auditor had requested that the Committee approve a letter of representation from the Council before he signs the accounts.

Mr Coleman requested further information on the statement of accounts in relation to the private finance initiatives. Mr Coleman was referred to the explanation given within the accounts and the Chief Financial Officer offered to provide him with further information if he required it.

Resolved:

- (a) **To approve the amendments to the Statement of Accounts for the year ended 31 March 2007.**
- (b) **To approve the letter of representation and authorise the Chairman of the Final Accounts and Audit Committee to sign the letter of representation.**
- (c) **That the Committee's thanks be conveyed to the Finance team for their hard work in drawing up the statement of accounts.**

33. **Assurance Framework**

The Principal Assistant to the Chief Executive presented a report which sought the Committee's consideration and approval of an Assurance Framework for the Council, details of which were presented.

The Assurance Framework detailed action being taken to control and mitigate strategic risks, mapped to show the links to the goals identified in the Corporate Plan 2007. Having an Assurance Framework would ensure compliance with the Audit Commission's requirements as set out in the Key Lines of Enquiry for the Use of Resources Assessment in 2007. The Assurance Framework would act as a supporting document to the Statement on Internal Control. In response to a query from Mr A Davis, the Principal Assistant to the Chief Executive undertook to ascertain if the project to provide a replacement school in Melksham should be considered a strategic risk and therefore included in the Assurance Framework.

Resolved:

That the Committee endorse the Assurance Framework for submission to the Audit Commission in the context of the 2007 Use of Resources Assessment that is carried out by the Commission.

34. Internal Audit Progress Report 2007/08

The Chief Internal Auditor presented a report for the Committee's consideration which included a progress report on the Internal Audit for 2007/08. The progress report drew attention to the position reached so far, the projection for the rest of the year and the issues arising to date.

Resolved:

That the Final Accounts and Audit Committee note the content of the Internal Audit Progress Report for 2007-08, specifically:

- **That at 31 August 2007, there was a shortfall of available audit days against the original plan, due primarily to long-term sickness, and by the end of the current year Internal Audit expected to achieve around 85% of the Audit Plan**
- **That Internal Audit's work priorities for the remainder of the year are being reassessed following the decision to proceed with the One Council for Wiltshire reorganisation**
- **The summary of significant issues arising from audit work carried out to date.**

35. Internal Audit of Child Protection Arrangements

In accordance with the Committee's instructions at the last meeting, the Chief Internal Auditor presented a report which gave further clarification on the issues arising from the audit of child protection arrangements.

As a result of the audit, Internal Audit had made a number of recommendations to strengthen the management arrangements for child protection. The report presented outlined the progress made to date on the recommendations.

Details were given of the measures being taken to comply with the recommendations and make further improvements to the service. It was noted that senior management had taken the lead in strengthening procedures to ensure adequate internal control mechanisms were in place. Although good progress was being made, it was acknowledged that it would take time for new processes to become fully embedded. Internal Audit therefore intended to carry out a further follow up audit early next year and this was supported by the Committee. In the discussion which ensued,

reference was made to the computer system being used in this area and possible improvements which could be made in the future.

Resolved:

That the Final Accounts and Audit Committee:

- (a) **note the current position regarding the issues arising from the audit of child protection arrangements, specifically that the Department for Children and Education has responded positively to the recommendations of the original audit report, and that senior management have taken the lead in strengthening procedures to ensure that adequate internal control mechanisms are in place.**
- (b) **note that Internal Audit intend to carry out a further follow-up audit early next year and that a further report be presented to this Committee following such an audit.**

36. Risk Management Update

The Chief Internal Auditor presented a report which gave details of developments and progress regarding the Council's risk management arrangements.

It was noted that the Corporate Leadership reviewed the management of risks on a monthly basis. The latest matrix was presented which showed the strategic risks and how they would be managed.

The Committee noted that a Risk Manager had been appointed and it was hoped would be able to attend the next meeting.

Members would be given a demonstration of the Excelsis system prior to the next meeting on 13 December.

Resolved:

The Final Accounts and Audit Committee note the current developments and progress in the County Council's risk management arrangements, specifically:

- (a) **the management of strategic risks, as outlined in paragraph 4 above, and in the Appendix to this report**
- (b) **progress in improving the link between the management of resources, performance, and risk, and the strengthening of risk management arrangements in general.**
- (c) **the appointment of a dedicated Risk Manager who will be in post in October 2007.**

37. **Managing the Risk of Fraud**

The Chief Financial Auditor presented a report which updated the Committee on work being undertaken to develop a proactive approach to countering fraud and corruption within the Council. Such a proactive approach was being advocated by the CIPFA Better Governance Forum guidance on 'Managing the Risk of Fraud'.

Resolved:

That the Final Accounts and Audit Committee note:

- (a) **the measures in progress and planned in relation to anti-fraud and corruption work, as outlined in paragraphs 4 to 7 of the report presented**
- (b) **that the County Council has a number of elements in place which meet the latest guidance and expectations, whilst the various measures outlined in this report will further strengthen our management arrangements and will serve to ensure the risk of fraud and corruption is managed effectively across the authority.**

38. **Committee's Work Programme**

The Committee was invited to consider its Work Programme for 2007/08, identify any further areas which required Committee consideration and advise officers of any specific issues it would like to see addressed in the reports mentioned.

Resolved:

That the Work Programme for 2007/08 be approved as presented subject.

39. **Urgent Items**

None.

(Duration of meeting: 10.00am – 11.50am)

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