



FINAL ACCOUNTS AND AUDIT COMMITTEE

MINUTES of a MEETING of the FINAL ACCOUNTS AND AUDIT COMMITTEE held at COUNTY HALL, TROWBRIDGE on THURSDAY 23 MARCH 2006.

PRESENT:

Mr JR Henning, Mr JP Johnson, Mr A Molland, Mr JB Osborn, Mrs B Wayman and Mr RS While

Also present: Mr JC Noeken.

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1. **Election of Chairman** Members were informed that both the Chairman and Vice Chairman were unable to attend the meeting. It was therefore agreed that the Committee should appoint a Chairman for this meeting.

Resolved: To appoint Mr JP Johnson as Chairman for this meeting.

2. **Apologies** Apologies for absence were received from Mr A Davis, Mrs JA Scott and Mr KC Wren.

3. **Minutes of Previous Meeting**

Resolved: To confirm and sign the minutes of the meeting held on 5 December 2005.

4. **Risk Management Update** The Committee considered a report by the County Treasurer. The report informed members of current developments in relation to the County Council's risk management arrangements.

The Chief Executive explained that there were still improvements to be made in the area of risk management. A series of workshops had already been held for managers. Officers were preparing training sessions for other staff which would take place over the next few months. A training session for County Councillors had also taken place which was attended by about 12 members. It was likely that general awareness training for members would be held at the next meeting in June.

The Strategic Risks for the County Council had been identified and these were regularly monitored by the Corporate Risk Management Group. Business continuity was listed as a key risk and a plan was in place to deal with this should the need arise.

Resolved:

- (1) *To note the current developments in the County Council's risk management arrangements:*
 - *The management of key risks*
 - *The measures being taken to address issues raised in the Audit Commission Use of Resources report.*
- (2) *To receive a further report on progress at the next meeting.*

5. **Audit Commission: Annual Audit and Inspection Letter** The Committee considered a report by the Chief Executive. The report gave details of the Audit Commission's Annual Audit and Inspection Letter.

Members were pleased to note that the overall message from the Audit Commission was positive. The last CPA inspection had graded the County Council as a 3 star authority and the Council had been judged to be improving strongly.

The Council was looking to develop its medium term financial strategy which would be revised in late spring. The Audit Commission had also recognised that the incorporation of the audit function into the terms of reference of this Committee was a positive step. This showed a clear focus at member level.

The use of resources was another area which the County Council was looking to improve. The importance of the scrutiny function was also highlighted and it was agreed that the relationship between this Committee and the Scrutiny function should be discussed to clarify their particular roles.

Members also noted that action was being taken to embed risk management within the organisational culture. Efforts were being made to improve the Council's approach to the purchase of goods and services. More controls were being put in place and random checks were being made to ensure that staff were aware of the rules for purchasing.

The Council was also looking to increase its understanding and consideration of the needs of all sections of society. An equality and diversity strategy was now in place, although further work was still required in this area.

Resolved:

- (1) *To note that the County Council is one of only eight Councils in the country that are judged to be "improving strongly"*
- (2) *To welcome the Audit and Inspection Letter and to support the Cabinet recommendation to ask the Chief Executive to draw up a programme for considering the recommendations in the letter.*

6. **Statement on Internal Control 2005/06 - Update** The Committee considered a report by the Deputy Monitoring Officer. The report updated members on developments in relation to the ongoing review of the effectiveness of the Council's internal control system, in preparation for the drafting of the Statement on Internal Control (SIC) for 2005/06.

Members noted that the Standards Committee was responsible for maintaining an overview of the Council's ethical governance framework and was monitoring progress in the implementation of the new whistleblowing and anti-fraud and anti-corruption policies and procedures.

Members recognised that the Use of Resources Assessment was an important source of assurance in measuring the effectiveness of the Council's internal control arrangements and noted that the SIC Management Group would continue to monitor progress against the action plan which had been drawn up to address the key issues identified.

Resolved: To note the position so far in relation to each of the key areas of review and that the draft SIC for 2005/06, based on the SIC Management Group's review of the effectiveness of the Council's internal control system, will be brought to the next meeting in June.

7. **Internal Audit Terms of Reference and Strategy** The Committee considered a report by the County Treasurer. The report presented the Terms of Reference for the Internal Audit function and the Strategy for delivery of the Internal Audit service.

Members asked questions regarding the following matters:

- Benchmarking
- The Professional Audit Group
- Staffing/Resources for the Audit Team – the Chief Auditor confirmed that the team was still short of two senior auditors but that these posts should be filled by June/July.

Resolved:

(1) *To approve the Terms of Reference for Internal Audit.*

(2) *To approve the Strategy for delivery of the Internal Audit service.*

8. **Statement of Accounts 2005/06 – Completed Action Plan** The Committee considered a report by the County Treasurer. The report presented the action plan agreed with the auditors following the annual audit of the accounts.

Members asked questions regarding the following matters:

- The development of structured arrangements for predictive and reactive analytical review throughout the Council.
- The use of Suspense Accounts.
- The process of updating the asset register.

Resolved: To note the District Auditor's report and to agree the responses made by the County Treasurer.

9. **Reserves and Balances 2006/07** The Committee received a report by the County Treasurer. The report explained the background to an appropriate level of balances that should be maintained in 2006/07.

Some concerns were expressed as to whether the level of balances was adequate. Officers stated that they would be addressing this issue during the financial year.

Members also discussed three year school budgets and the County Council's aim to prevent excessive balances being held by schools.

Resolved:

- (1) *To recognise that the total of general balances and earmarked reserves are currently within the Audit Commission recommended level at 5%.*
- (2) *To note that the level of general balances will need to be reviewed just before the budget for 2006/07 is finalised.*

10. **Statement of Accounts – An Introduction to the Statements** Members received a short training session on the Statement of Accounts documents by the Corporate Finance Manager.

(Duration of meeting: 10.30am-12.10am)

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