

FINAL ACCOUNTS AND AUDIT COMMITTEE



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MINUTES of a MEETING of the FINAL ACCOUNTS AND AUDIT COMMITTEE
held at COUNTY HALL, TROWBRIDGE on THURSDAY 28 JUNE 2007.

PRESENT:

Mrs J A Scott (Chairman), Mrs NS Bryant, Mr P C B Coleman, Mr A Davis, Mr M Hewson, Mrs JH Seager, Mr R S While and Mr CS Winchcombe.

Mrs P Rugg also attended the meeting.

12. Apologies for Absence

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

Mrs NS Bryant and Mrs J H Seager replaced Mr Wren and Mr Johnson respectively for this meeting only.

13. Minutes of Previous Meeting

Resolved:

To confirm and sign the minutes of the meeting held on 22 March 2007.

14. **Members' Interests**

Mr Winchcombe declared a personal interest in matters concerning schools as his daughter was a teacher.

15. **Internal Audit Plan 2007/08**

The Chief Auditor presented the Internal Audit Plan for 2007/08 for the Committee's consideration and approval.

The Plan prepared in line with the Code of Practice for Internal Audit was a risk based audit plan linked to the Council's risk management process. This means that the Council must have regard to the various risks involved across the range of services and activities and plan the audit work in order to address those risks and the controls in place to mitigate them.

The Plan gave details of how audit resources would be allocated for the year. The Chief Auditor highlighted the main points from the Plan which included a new financial management standard in schools which had been introduced and was being phased in by March 2010. It was noted that a pilot project had been undertaken on this initiative and training days were taking place across the County to raise awareness with the schools.

Resolved:

(a) That the Committee approves the Internal Audit Plan for 2007/08, and in particular notes:-

- **risk-based audit planning and risk information sources taken into account in preparing the plan.**
- **a summary of available audit resources, and where these would be employed over the operational year up to 31 March 2008.**

(b) Progress against the Plan be reported regularly to the Committee throughout the year.

16. **Internal Audit Annual Report 2006-07**

The Chief Auditor presented the Internal Audit Annual Report for the period 2006/07 for the Committee's consideration. The Report summarised the findings and conclusions on a wide range of audits carried out during the year across all departments in accordance with a risk based audit plan. The Audit Opinion on Internal Control stated that there were no significant internal control issues arising from the audits undertaken which would

otherwise need to be disclosed in the Statement on Internal Control for 2006/07. The Chief Auditor responded to queries raised by Members.

Resolved:

(a) The Committee noted:

- (i) the contents of the Internal Audit Annual Report for 2006/07.**
- (ii) the overall audit opinion that internal control was in place and was operating satisfactorily in relation to the various systems and procedures reviewed, there being no significant internal control issues arising from the audit which needed to be disclosed in the Statement on Internal Control for 2006/07.**

(b) That in respect of the audit on vulnerable children:

- (i) officers be asked to continue to monitor the situation and report back to the next meeting**
- (ii) that the matter be brought to the attention of the Chairman of the Childrens Services Scrutiny Committee with a view to the matter being raised at the forthcoming meeting of the Executive and Scrutiny Lead Members' meeting.**

Note: That further clarification be sent to Mr Coleman on the savings achieved on direct payments by revising the basis of payment rates on the DCS Recovery Programme.

17. Risk Management – Update

The Chief Auditor presented a report which gave details of developments and progress with regard to the County Council's risk management arrangements. Particular reference was made to the management of strategic risks as identified in the Council's Risk Register, a summary of which was presented and the measures being taken to strengthen the link between the management of resources, performance and risk.

The Committee was advised that a new system, Excelsis was being installed which would assist in the management of resources, performance and risk. Officers were currently looking into providing Members with access to this system. The Chairman stressed that Members of this Committee should have access to the system.

Resolved:

- (a) That the Committee notes the current developments and progress in the County Council's risk management arrangements, specifically:-**
 - (i) the management of strategic risks, as outlined in paragraph 4 of the report presented and its appendix.**
 - (ii) current measures to strengthen the link between the management of resources, performance and risk.**
- (b) To note that a further report on progress in relation to these matters would be presented to the next meeting of the Committee.**
- (c) That arrangements be made for a demonstration of the Excelsis system to the Committee to be held prior to the next meeting if practicable.**

18. Managing the Risk of Fraud

The Chief Auditor presented a report which gave details of current guidance and expectations with regard to countering fraud and corruption and which outlined the County Council's current position in relation to these. The report also gave details of further action being taken and proposed.

In accordance with the Committee's request at its last meeting, further details were given on the following:

- guidance issued by CIPFA, Better Governance Forum on 'Managing the Risk of Fraud', which set out a comprehensive proactive approach to combating fraud and corruption
- the expectations of the Audit Commission's Use of Resources Assessment in relation to measures needed to counter fraud and corruption.

A member asked whether the Whistleblowing policy extended to schools. The Committee was advised that whether or not schools had such a policy would become known following the schools' completion the financial standards assessment. However, as the assessments were being phased in over the next few years, it would take some time to obtain this information unless it was sought specifically outside of the assessment.

In response to a Member's question, the Committee was advised that the Council would seek to have a strong counter fraud culture by continually refreshing its anti-fraud corruption policy, establishing an antifraud culture

and adopting a zero tolerance approach.

Resolved:

That the Committee notes:

- (a) the summary of current guidance and expectations with regard to countering fraud and corruption as set out in the report presented.**
- (b) that the County Council had a number of elements in place which met the latest guidance and expectations, but that there were areas which could be strengthened and where further work was needed.**
- (c) that as a key priority Internal Audit would continue to work on these areas, to ensure the necessary progress was made and progress was reported regularly.**
- (d) That answering the questions detailed in Appendix 1 of the report presented regarding 'Actions to Counter Fraud and Corruption' be dealt with at the next meeting.**
- (e) That in relation to whistleblowing policies in schools, appropriate training be given to School Governors and the establishment of a 'hotline' which Governors could use to obtain advice be investigated. The Head of Governor Services be asked to contact the Internal Audit section on how best the section could assist him in achieving this.**

19. Statement of Internal Control in Local Government 2006/07

The Deputy Monitoring Officer presented the draft Statement on Internal Control for 2006/07 for the Committee's initial comment. The Audit Commission would be consulted on the draft and its comments would be taken into account in the final version to be presented to this Committee for approval on 27 September 2007. Once approved, the Statement would accompany the approved Statement of Accounts.

The Deputy Monitoring Officer guided Members through the document. He explained that the Statement had been drawn up taking into account the views of the Statement on Internal Control Management Group's ongoing review of key areas of assurance as identified by the Committee in December 2006.

The Deputy Monitoring Officer pointed out that it was proposed to include one matter which was considered as a potentially significant internal control issue. This related to the combined impact of the major programmes which the Council was undertaking as part of the Government's transformation programme. The two most significant elements of this, were One Council for Wiltshire (if approved) and the introduction of a new Business Management

System.

Resolved:

- (a) The Committee requested the inclusion of a reference to the Academy Task Group in the final bullet point of paragraph 21.**
- (b) The Committee noted the content of the draft Statement on Internal Control and that it would be revised in light of the above comments and would then be considered by the Standards Committee (on 4 July 2007) and Cabinet (25 September 2007) before being brought back to this Committee for final approval for publication by 30 September 2007.**

20. Draft Statement of Accounts 2006/07

The Chief Financial Officer explained that the Council was required to produce and approve an annual Statement of Accounts. Accordingly, she presented the draft Statement of Accounts for the period 2006/07 for the committee's consideration and approval.

The Statement of Accounts once approved, would be published following completion of the external audit by 30 September.

Members were invited to consider the document in detail in order to satisfy themselves that the accounts were in order prior to approving them.

The Financial Accounting Manager attending the meeting to go through the Statement of Accounts including explaining an addendum circulated at the meeting and respond to Members' queries.

During the discussion, Members raised a number of queries as follows which were responded to by the Financial Accounting Manager:

- The new layout of the statements and which areas to concentrate on, also an explanation of why these changes have been made.
- The method by which fixed and other assets were valued including school buildings.
- Details of profit / loss on disposals of assets, including why we transferred Magistrates courts with nil value.
- The deferred credit relating to Swindon Borough Council's debt which this Council had managed since 1997 on their behalf
- The actuarial changes in the pension fund assets and liabilities

Resolved:

- (a) That the Statement of Accounts be approved subject to audit, for the year ended 31 March 2007.**
- (b) To agree that the Chairman of the Final Accounts and Audit Committee can sign the un-audit Statement of Accounts for 2006/07.**

21. Review of Governance and Reporting Structure

Consideration was given to a report by the Monitoring Officer which informed the Committee of the outcome of consultation on the governance and reporting structure and which recommended changes to the structure in the light of the consultation's findings.

Resolved:

- (1) That the Committee, on behalf of the Authority, adopts the amendments identified by the consultation process and identified in the amended structure as set out in the appendix to the report.**
- (2) To request the Corporate Standards Manager to review the arrangements on an annual basis, or more frequently in the event of significant changes taking place to the Authority's governance structures or responsibilities.**

22. Data Quality Policy and Action Plan

The Assistant Director, Procurement & IT presented a report which sought approval of a Data Quality Policy and Action Plan, details of which were presented. The Policy had been drawn up following a recommendation from the Audit Commission.

Resolved:

To approve the Data Quality Policy and Action Plan and to note that the future review, updating and delivery of the Policy would be undertaken through the function of the Information Management Team.

23. Committee's Work Programme 2007/08

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. In receiving its Work Programme, the Committee also noted the dates of meetings for 2007/08 and requested that all future meetings commence at 10.00am

Resolved:

That the Work Programme for 2007/08 be approved as presented subject to the addition a further internal audit report and a demonstration of the Excelsis system as agreed during this meeting.

(Duration of meeting: 10.00am – 12.15pm)

The Officer who has produced these minutes is Yamina Rhouati, Democratic & Members' Services, direct line (01225) 718024 or e-mail

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