



FINAL ACCOUNTS AND AUDIT COMMITTEE

MINUTES of a MEETING of the FINAL ACCOUNTS AND AUDIT COMMITTEE held at
COUNTY HALL, TROWBRIDGE on MONDAY 30 JUNE 2008.

PRESENT:

Mr J Johnson (Vice-Chairman), Mr C Newbury, Mr P Fuller, Mr PCB Coleman, Mr RT
Rogers, Mr A Davis, Mr JR Henning, MR RS While and Mr M Hewson

Also in attendance: Mr J Osborn and Mr PR Davis

12. Apologies and Membership of Committee

Apologies for absence were received from Mrs JA Scott and Mrs JH Seager
It was noted that Annual Council on 13 May 2008 had agreed the membership of
this Committee. The change to the previous membership was that
Mrs JH Seager had replaced Mr KC Wren.

13. Minutes of Previous Meeting

Resolved:

To confirm and sign the minutes of the meeting held on 5 March 2008.

14. Chairman's Announcements

None.

15. Members' Interests

During the course of the meeting, Mr PCB Coleman declared a personal interest

in the Internal Audit Annual Report 2007/08 in so far as it may relate to the Middlefield Adult Care Centre.

16. **Public Participation**

None.

17. **Risk Management Update**

The Risk Manager gave a verbal update to the Committee. The Committee was reminded that Cabinet had at its meeting on 25 March 2008 approved a new Risk Management Strategy which had continued to develop since then. The Strategy would be reviewed again in March 2009. The Risk Manager proposed to report the risk management position to this Committee twice a year, in March and in September.

The Strategy and supporting information was now available on the Council's intranet. Risk Management training would be provided to all members of the Council prior to the next meeting on 30 September 2008. A Manage2lead course for officers was held in April 2008 with a further 3 planned for 2008/09. Such training would build risk management capacity within departments.

The Corporate Risk Management Group was leading on the delivery of the Strategy and ensuring appropriate risk management was in place for 1 April 2009. It was noted that the CLT reviewed the strategic risks quarterly and by exception reporting monthly. Some of the key risks currently being monitored were working towards One Council for Wiltshire, Business Management Programme, Westbury Bypass, Academies and Business Continuity Management.

Resolved:

That the report be noted.

18. **Audit Commission: Annual Audit and Inspection Letter 2008**

The Committee considered a report of the Chief Executive which drew Members' attention to the Audit Commission's Annual Audit and Inspection Letter and invited Members to consider their response relevant to the work programme of the Committee. Miss Watson from the Audit Commission presented the Letter which had previously been circulated to all Members of the Council and would also be presented to Cabinet and the Standards Committee.

The Letter summarised the conclusions and significant issues arising from recent audit and inspections of the Council in respect of 2006/07. The Letter also incorporated the full 'Direction of Travel' judgement for 2007 and the CPA Scorecard that respectively assessed and measured how well the Council was improving.

Miss Watson gave a summary of the Audit Commission's assessment of the Council which included performance, financial management and value for money. She also highlighted the actions the Audit Commission considered the Council needed to take.

The report of the Chief Executive commented on the actions recommended by the Audit Commission.

The key messages of the Letter were:

- That the Council had done well to maintain its direction of travel but because of reductions in the children and young people and adult service assessments, its overall CPA category had fallen this year to three (out of four) stars;
- The Audit Commission had judgement on the Council's improvement over the last year was that it was improving adequately;
- The Audit Commission had issued an unqualified opinion on the Council's 2006/07 financial statements. It had also judged that the Council had adequate arrangements in place for achieving value for money; and
- The quality of data had improved following the introduction of new corporate systems and processes.

During the discussion, Miss Watson responded to Members' questions.

Resolved:

That the Final Accounts and Audit Committee welcomes the Audit Commission's Annual Audit and Inspection Letter and asks the Chief Executive to draw up a programme for considering the recommendations in the letter.

19. Internal Audit Annual Report 2007/08

The Chief Auditor presented the Internal Audit Annual Report 2007-08 and the audit opinion on internal control within the report for the Committee's consideration.

The report provided details of the overall performance of the internal audit function which it was said had been affected by higher than expected sickness levels and staff turnover; fortunately, this had now largely been resolved.

As this was an Annual report, it was noted that many of the subject areas had been reported to the Committee in previous quarterly reports.

The areas referred to in the report were as follows:

- Local Public Service Agreement
- Debt Management
- Counter-Fraud activity

It was noted that this area would become significantly more active under a unitary council arrangement given the authority's responsibility for housing benefit.

- Financial Management Standard in Schools
This was being rolled out to all schools in Wiltshire very successfully. The Council's proactive approach in this area had been recognised at national seminars by the Department for Children, Schools and Families.
- Individual Budgets
- Risk Management
- One Council for Wiltshire
- Various areas of reactive work and investigations
- Summaries of further audit work and outcomes.

The Chief Auditor and Chief Financial Officer responded to questions from Members.

Resolved:

- (a) **To note the content of the Internal Audit Annual Report for 2007-08, and the audit opinion that internal control is in place and is operating satisfactorily in relation to the various systems and procedures reviewed.**
- (b) **To note that there are no significant issues arising from the work of Internal Audit which need to be disclosed in the Annual Governance Statement for 2007-08.**

20. Internal Audit Plan 2008/09

It was noted that the Committee has within its terms of reference the responsibility for agreeing the annual Internal Audit Plan and considering the resources available for its delivery. Accordingly, the Chief Auditor presented the Internal Audit Plan for 2008-09 for the Committee's consideration.

The Chief Auditor and Chief Financial Officer responded to Members' questions. The Committee requested that an analysis of monies secured under S.106 Agreements be included in the Plan.

Resolved:

- (a) **To approve the content of the Internal Audit Plan for 2008-09, with particular regard to the following:**

- (i) **risk-based audit planning and risk information sources the Chief Financial Officer has taken into account in preparing their audit plan**
 - (ii) **significant issues having an impact upon the plan for 2008-09, principally the implications of the move towards becoming a unitary council from April 2009;**
 - (iii) **a summary of available audit resources, and where these will be employed over the operational year and**
 - (iv) **an analysis of monies secured under S.106 Agreements be included within the Plan.**
- (b) **Progress against the Plan to be reported regularly to the Committee throughout the year.**

21. **Draft Statement of Accounts**

The Chief Financial Officer presented the Statement of Accounts for 2007/08 to the Committee for approval subject to audit. A revised version of the Accounts was presented with an explanatory note of the minor changes made.

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 and encouraged to comment, seek explanation or assurances of any figures presented in the Accounts. The Head of Financial Planning guided Members through the Accounts and responded to their questions.

It was noted that the Statement of Accounts was presented in the prescribed format as laid down in the Statement of Recommended Practice (SORP) Code of Practice published by the Chartered Institute of Public Finance and Accountancy.

During the discussion, Members made the following comments:

- An explanation was sought of the SORP procedures and how this differed from how the accounts were previously presented.
- How budgets would be rationalised following One Council for Wiltshire
- Clarification over capital expenditure by borrowing
- Query over why the accounts did not include details on the Pension Fund
- Clarification over what constituted operational and non-operational assets.
- A breakdown of the non-operational assets was sought and tabled at the meeting.
- Clarification over PFI school schemes and in particular whether the Council would lose an asset value where a school acquired foundation status.

The Head of Financial Planning and the Chief Financial Officer responded to

Members' questions and points of clarification.

Resolved:

- (a) **To approve the Statement of Accounts, subject to audit, for the year ended 31 March 2008.**
- (b) **To agree that the Chairman of the Final Accounts and Audit Committee can sign the unaudited Statement of Accounts for 2007/08.**

(Note: This would be Mr J Johnson for this purpose who presided over this meeting in the absence of the Chairman)

22. Draft Annual Governance Statement

The Deputy Monitoring Officer presented the draft Annual Governance Statement (AGS) for 2007/08 for the Committee's preliminary comments.

The draft AGS would be presented to Cabinet and the Standards Committee and had been circulated to the Audit Commission with any comments from those bodies being presented to this Committee at its meeting on 30 September 2008 when the document would be presented for final approval.

The Council was required to prepare and publish an Annual Governance Statement (AGS) as part of its annual review of the effectiveness of its governance arrangements.

Following a query from a Member, the Deputy Monitoring Officer undertook to obtain clarification over the service assessment in respect of adult social care services to ensure it was accurately reflected in the AGS. In response to a question over how the Council measured customer satisfaction, the Committee was advised that a number of surveys/consultation arrangements were undertaken by the Council and the Government to measure this.

Resolved:

To note the content of the draft Annual Governance Statement and that this would be revised in the light of ongoing review work by the Assurance Group. It would then be considered by the Standards Committee and Cabinet before being brought back to this Committee for final approval for publication by 30 September 2008.

23. Audit and Inspection Plan 2008/09

Darren Gilbert from the external auditors, KPMG presented the Audit and Inspection Plan which set out the audit and inspection work that the Audit

Commission and KPMG proposed to undertake for the 2008/09 financial year. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA). The Plan reflected:

- audit and inspection work specified by the Audit Commission for 2008/09;
- current national risks relevant to the Council's local circumstances; and
- the Council's local risks and improvement priorities.

Mr Gilbert drew Members' attention to the audit and inspection fees which as previously advised now included a separate fee in respect of the Wiltshire Pension Fund audit for 2008/09. It was noted that One Council for Wiltshire would bring about savings on audit fees for Wiltshire.

Resolved:

That the Audit and Inspection Plan for 2008/09 be noted.

24. **Audit Commission: Business Continuity Planning Review**

The County Emergency Planning Officer presented a report which drew the Committee's attention to the Audit Commission's Business Continuity Planning Review, details of which were presented and invited Members to endorse the Action Plan that had been drawn up in the context of the findings of the Review.

In the discussion which ensued, reference was made to potential risks to loss of the email facility particularly over bank holiday periods when essential maintenance was being undertaken. The County Emergency Planning Officer explained that there were safeguards built into the system, but this was by way of an informal arrangement. He undertook to clarify the position and circulate a response to Members.

Resolved:

That the Committee notes the Audit Commission's Business Continuity Planning Review report and endorse the action being taken by officers to address the Review recommendations.

25. **Interim Audit Report 2007/08**

Darren Gilbert from the external auditors, KPMG presented an Interim Audit report which set out KPMG's key findings following its interim audit at this Council undertaken in March 2008. In response to a comment contained in the report, the Chief Auditor explained that his team had been without a key member of staff during the time of the audit which had affected the team's ability to respond promptly to KPMG's deadlines. He was however, confident that any minor difficulties previously encountered had now been resolved.

Resolved:

That the report be noted.

26. **Committee's Work Programme**

The Committee was invited to review its Work Programme for 2008/09.

Members were reminded that training on Risk Management would be provided to all Members of the Council prior to the next meeting on 30 September 2008 at 10.00am with the meeting starting at 11.00am

Resolved:

That the Work Programme be noted.

27. **Urgent Items**

None.

(Duration of meeting: 10.00am – 1.05pm)

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