

**Draft Minutes of the Meeting of the Final Accounts & Audit Committee held on 16<sup>th</sup> April 2006 at Monkton Park, Chippenham commencing at 6.00 p.m.**

**Present:** R.L. Tonge (Chairman)

**Councillors:** A.L. Davis and V.H. Greenman

**Officers Present:** R. Granger (Internal Audit Manager), C. Hackett (External Audit Manager), S. Pangbourne (Strategic Manager – Corporate Services), P. Timmins (Interim Section 151 Officer), M. Todd (Senior Policy & Democratic Services Officer) and M. Watson (External Audit Relationship Manager)

**FA53. Apologies for Absence**

Apologies for absence were received from Councillor S.B. Meadowcroft.

**FA54 Membership of the Final Accounts & Audit Committee**

There were no membership changes.

**FA55. Public Question Time/Receipt of Petitions**

There were no public questions or petitions.

**FA56. Chairman's Announcements**

None.

**FA57. Minutes**

The Minutes of the meeting of the Final Accounts & Audit Committee held on 26<sup>th</sup> February 2007 were considered.

**Resolved** that the Minutes of the meeting of the Final Accounts & Audit Committee held on the 26<sup>th</sup> February 2007 be signed as a correct record.

**FA58. Declarations of Interest**

None.

**FA59. Annual Audit and Inspection Letter 2005/06 and Use of Resources Assessment – March 2007**

Consideration was given to Report No. 7, circulated with the agenda, which presented to the Committee the Annual Audit and Inspection Letter for 2005/06 and the associated Use of Resources Assessment, which had been produced by the Audit Commission. Appendix 1, the action plan relating to the audit letter was tabled at the meeting along with a table setting out progress against recommendations from the March 2006 audit letter.

Members asked the Auditors various questions and discussed the following issues:



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- The Committee noted that the rate of improvement for the Council was still below the national average.
- The Council had received a CPA rating of “fair”. There were two circumstances in which a reassessment could take place:
  - (a) If the Council felt that it had made significant improvements it could ask for a reassessment.
  - (b) if the Audit Commission felt that performance was declining significantly then it could impose a new inspection.
- The Council was advised to focus on the performance issues highlighted in paragraphs 15 and 16 of the audit letter. These concerned the speed of processing housing benefit claims, Council Tax collection, speed of invoice payment, the speed of deciding planning applications and the declining success rate in defending planning appeals.
- Members stressed the need to undertake risk assessments of partner organisations and the need to ensure that partnership arrangements, particularly those relating to leisure provision, were robust. The Audit Commission confirmed that this issue would be factored into the audit programme for the coming year.
- The Committee expressed concern about the arrangements for risk management and asked to receive a report on this matter. Members also requested further training on risk management issues.
- The auditors confirmed that improvements had been made to the Council’s system of internal control.

### **Resolved** that:

- 1) the Annual Audit and Inspection Letter for 2005/06 and the Use of Resources Assessment be noted;
- 2) the Action Plan set out in Appendix 1 (covering all the recommendations contained within the Annual Audit and Inspection Letter and specifically, the Use of Resources assessment) be agreed. The Plan be brought to future meetings for monitoring purposes.
- 3) A report on risk management and the risk register be considered at the next meeting

### **FA60. Collection Fund and Budget for 2007/08**

Consideration was given to Report No.8, circulated with the agenda, which responded to the question, “how the surplus monies appeared and the process for uncovering them”. Members noted that changes would be made to the budget monitoring process to ensure that the situation did not reoccur. The revenue monitor from September 2007 would report the latest situation.

**Resolved** that the Committee note the report and the proposed improvements to the process surrounding the Collection Fund.

### **FA61. Accounting Policies**

Consideration was given to Report No. 9, circulated with the agenda, which sought approval for Accounting Policies adopted for the financial year 2006/07.

The Committee was also requested to recommend that the Executive delegate to the Section 151 Officer the power to make accounting policies subject to any financial implication arising from a change of policy being considered first by the Committee.

Members discussed the following issues:

- the production of formal accounting policies would bring increased prudence to the accounting process and ensure that sound procedures were put in place.
- It was noted that the Statement of Recommended Practice could change on a yearly basis.
- Officers confirmed that the accounting policies would be brought back to the Committee on an annual basis.

#### **Resolved:**

- (1) that the policies set out in the Annex to the report be approved for the financial year 2006/07.
- (2) that the Executive be **recommended** to delegate to the Section 151 Officer the power to make accounting policies subject to any financial implication arising from a change of policy first being considered by the Final Accounts and Audit Committee.

### **FA62 Accounts Progress and Timetable**

Consideration was given to Report No.10, circulated with the agenda, which provided information about the timetable for closure of the accounts and progress to date.

It was noted that the Section 151 Officer would be the custodian of the timetable which would be included as part of the annual service plan. External auditors would also review the timetable as part of the audit process.

**Resolved** that the Committee note the report.

### **FA63. Final Accounts and Audit Committee Terms of Reference**

Consideration was given to Report No. 11, circulated with the agenda, which presented amended Terms of Reference for the Final Accounts and Audit Committee.

Officers explained that the most significant change to the Terms of Reference was to give the Committee responsibility for approving the Statement on Internal Control. Members stressed the need for the Committee membership to increase next year to at least six members.

**Resolved** that the Committee **recommend** to the Council that the amended Terms of Reference be adopted as set out in Appendix 1 of the report.

#### **FA64. Internal Audit Progress Report**

Consideration was given to Report No. 12, circulated with the agenda, which updated the Final Accounts and Audit Committee on progress against the 2006/2007 Internal Audit Plan.

Members discussed the following issues:

- Members noted that those items on which the auditors had given a “limited” opinion would be brought back to the next meeting for review.
- Members were concerned to note that there were still problems with the Council’s debtor procedures as this had been highlighted in previous years. Officers confirmed that the Overview and Scrutiny Committee would consider this matter at a future meeting.
- The Committee congratulated officers on improvements made to the Internal Audit Service.

**Resolved** that the update be noted.

#### **FA65 Internal Audit Plan 2007/2008 to 2009/2010**

Consideration was given to Report No. 13, circulated with the agenda, which presented to the Final Accounts and Audit Committee the draft Internal Audit Plan for the three years 2007/2008 to 2009/2010 for approval.

- Members noted that some audit days had been put aside for the unitary status bid.
- No specific audit days had been identified for leisure provision at this stage but if necessary this could come from contingencies.
- Members felt that it was important to monitor risks and to audit the KLIC organisation which was currently running the Cricklade Leisure Centre and asked for a report on this matter to its next meeting.

**Resolved:**

- (1) that the draft Internal Audit Plan be approved.
- (2) That a report on the process for monitoring and auditing the KLIC organisation be considered at the next meeting.

#### **FA66 Test of the Disaster Recovery Plan**

The Audit Manager reported that tests of the disaster recovery plan had taken place in December and January. Three key service areas had been chosen to take part in the test and on arrival at work staff in these areas had been sent to the Depot to ensure that the emergency procedures put in place were adequate. The operation worked well and some minor changes have now been put in place as a result of the test. Another test would take place after July, in the second half of the year.

The meeting closed at 7.15pm

There were no members of the public present.