

Time Commenced: 6.00pm  
Time Finished: 7.45pm

**AUDIT AND ACCOUNTS COMMITTEE  
THURSDAY 28 JUNE 2007**

**Present:** Councillor Tittley (Chair)  
Councillors Jackson, Jones, Higginbottom, Rawson and Smalley

**01/07 Apologies for Absence**

Apologies for absence were received from Councillors Allen and Williams.

**02/07 Late Items**

There were no late items.

**03/07 Declarations of Interest**

There were no declarations of interest.

**04/07 Minutes**

The minutes of the meeting held on 5 April 2007 were agreed as a correct record and signed by the Chair.

**External Audit**

**05/07 Annual Audit and Inspection Letter 2005/6**

The Committee considered a report from the Acting Corporate Director of Resources that detailed the Annual Audit and Inspection Letter 2005/06. The Acting Corporate Director of Resources reported that the letter had been considered by the Council Cabinet and Full Council. The letter confirmed that the Council is improving well and has been classified as four-star at its current level of performance.

**Resolved to receive the Annual Audit and Inspection Letter 2005/06.**

**06/07 Audit and Inspection Plan 2007/8**

The Committee considered a report from the Acting Corporate Director of Resources that detailed the External Auditor's Audit and Inspection Plan 2007/08. The purpose of the Plan is to meet an Audit Commission requirement,

to give local authorities some warning of the issues likely to be reviewed in 2007/8 and to allow better coordination with internal audit activity.

Councillor Tittley asked what the cost of £103,750 for the Corporate Inspection was providing for the Council. The Appointed Auditor responded that it was for the Audit Commission to carry out a corporate assessment in line with the process set out in CPA – The ‘Harder Test’ and a Joint Area Review which would include an inspection of services for children and young people.

**Resolved to note the audit and inspection plan for 2007/08.**

## Accounts

### 07/07 Statement of Accounts 2006/7

The Committee considered a report from the Acting Corporate Director of Resources that detailed the Statement of Accounts for 2006/07. The report summarised the Council’s financial performance for the year ending 31 March 2007. It is a requirement of the Accounts and Audit Regulations 2003 that the Statement of Accounts must be approved by full Council or a Committee nominated by Full Council by 30 June 2007. The Accounts and Group Accounts would be subject to external audit during August 2007.

#### **Resolved to**

- 1. approve the Statement of Accounts for 2006/07 subject to external audit**
- 2. note the Group Accounts for 2006/07.**

### 08/07 Statement on Internal Control 2006/7

The Committee considered a report from the Acting Corporate Director of Resources that detailed the Council’s Statement on Internal Control.

The Accounts and Audit Regulations 2003 require that audited bodies conduct a review of the effectiveness of its system of internal control and publish a statement on internal control (SIC) each year with the Council’s financial statements. The Head of Audit and Risk Management informed the Committee of the significant internal control issues within the Council in 2006/7.

The Acting Corporate Director of Resources informed the Committee that management was currently reviewing the control issues raised by the internal audit investigation into the Debtors Section and that police investigations were ongoing. Once these were finalised, a full report would be presented to a future meeting of the Committee.

Councillor Tittley requested that an update on progress on the investigations in the Debtors Section and Environmental Services be brought to a meeting to be held in late August or early September 2007.

**Resolved to**

- 1. approve the Statement on Internal Control.**
- 2. request the Leader and the Chief Executive formally sign the Statement on Internal Control.**

09/07      Best Value Performance Plan

The Committee considered a report from the Acting Corporate Director of Resources that detailed the Best Value Performance Plan 2007/08 and requested that the Plan is approved subject to any amendments agreed by the Chief Executive and Leader of the Council.

The Local Government Act 1999 requires that the Plan is published by 30 June each year.

**Resolved to**

- 1. approve the Best Value Performance Plan 2007/08, subject to any amendments agreed by the Chief Executive in consultation with the Leader of the Council**
- 2. give the Acting Corporate Director of Resources delegated authority to finalise the Plan for publication by 30 June 2007.**

Internal Audit and Risk Management

10/07      Annual Audit Opinion 2006/7

The Committee considered a report from the Head of Audit and Risk Management that detailed his opinion on the overall adequacy and effectiveness of the Council's internal control environment. The overall audit opinion was based on the work undertaken by internal audit in 2006/07.

The Head of Audit and Risk Management reported that his overall opinion was that there was an acceptable level of internal control within the Council's systems and procedures.

It was noted that Internal Audit completed 89% of the planned programme of

audit work in 2006/07. The annual target for completion of the Plan was 90% of planned audit work.

**Resolved to note the**

- 1. Head of Audit and Risk Management's opinion on the internal control environment.**
- 2. activity and performance of Internal Audit.**

11/07      Effectiveness of the system of internal audit

The Committee considered a report from the Acting Corporate Director of Resources that requested the Committee review the sources of assurance and comment on the effectiveness of the system of internal audit.

The Accounts and Audit (Amendment) (England) Regulations 2006 state that "the relevant body shall at least once a year conduct a review of the effectiveness of its system of internal audit". The Audit and Accounts Committee is considered to be an appropriate body to carry out this review.

Internal Audit is one of the key areas of assurance for the Audit and Accounts Committee and it was noted as important that the Committee gain assurances that Internal Audit is effective. The Head of Audit and Risk Management informed the Committee that Internal Audit needs to comply with the CIPFA Code of Practice for Internal Audit in Local Government in the UK. A recent assessment against the Code has highlighted a number of areas where further developments are required.

**Resolved to**

- 1. note the report**
- 2. request that the Head of Audit and Risk Management bring an update on the developments outlined in the report to a future meeting of the Committee.**

12/07      Internal Audit Plan 2007/8

The Committee considered a report from the Head of Audit and Risk Management that detailed the Internal Audit Plan for 2007/8. The total planned allocation of productive time is 1,915 audit days compared to 1,893 planned days in 2006/7.

The Head of Audit and Risk Management informed the Committee that the Plan is a flexible document and is inevitably subject to some change during the year. All changes to the Plan would be notified to the Committee.

The main areas for internal audit work in 2007/8 would be the Resources Department which has responsibility for the key financial systems, assessment work towards the Financial Management Standard in Schools and systems work in Environmental Services.

Councillor Rawson asked if the number of investigations and issues arising was typical within a financial year. The Head of Audit and Risk Management replied that the number and nature of investigations in 2006/7 was not typical compared to previous years.

**Resolved to approve the 2007/08 Internal Audit Plan.**

#### 13/07 Internal Audit – Update on Progress

The Committee considered a report from the Head of Audit and Risk Management that detailed the activity and performance of Internal Audit in the period 1 April 2007 to 31 May 2007.

It was noted that the majority of time had been spent on investigation work. Progress reports on the investigations would be reported to future meetings of the Committee.

**Resolved to**

- 1. note the activity and performance of Internal Audit in the period 1 April 2007 to 31 May 2007**
- 2. request a report from the Head of Audit and Risk Management on the internal control issues raised during the audit investigation in the Debtors Section, to the next meeting of the Committee.**

#### 14/07 Derby Advertising Video and Information Screen Project

The Committee considered a report from the Corporate Director of Regeneration and Community that detailed actions taken on the recommendations contained in the internal audit report on the Derby Advertising Video and Information Screen – DAVIS – project.

The Assistant Director - Regeneration informed the Committee of the progress made on the implementation of the 12 recommendations contained in the audit

report.

Councillor Smalley raised concerns over the non-adherence to contract procedure rules throughout the life-cycle of the project. The Assistant Director - Regeneration responded that a number of Senior Officers were involved in the decision making process and that he considered that the actions taken were done in the best interests of the Council.

A report detailing the lessons that had been learned from this project was requested for the next meeting of the Committee.

**Resolved to**

- 1. note the report**
- 2. request an update at a future meeting of the Committee.**

**15/07 Partnership Arrangements for Major Capital Projects**

The Committee considered a report from the Acting Corporate Director of Resources that detailed the risks of major capital projects arising from partnerships and partnering arrangements.

Councillor Tittley believed that partnership working should be encouraged but that financial penalties should be imposed if work completed did not deliver what was expected.

**Resolved to note the report.**

**16/07 Work programme**

The Committee considered a report from the Acting Corporate Director of Resources that detailed an updated work programme.

In addition to those given in the report the Committee also wanted to consider update reports on the Debt recovery investigation, Environmental Services investigations and a report detailing the lessons learnt from the DAVIS project.

**Resolved to agree the updated work programme of the Committee.**

MINUTES END