

ITEM 4

Time Commenced: 6.00pm
Time Finished: 6.55pm

AUDIT AND ACCOUNTS COMMITTEE THURSDAY 27 SEPTEMBER 2007

Present: Councillor Tittley (Chair)
Councillors Allen, Jackson, Jones and Higginbottom

16/07 Apologies for Absence

Apologies for absence were received from Councillors Rawson, Smalley and Williams.

17/07 Late Items

There were no late items.

18/07 Declarations of Interest

There were no declarations of interest.

19/07 Minutes

The minutes of the meeting held on 28 June 2007 were agreed as a correct record and signed by the Chair.

Accounts

20/07 2006/7 Audit Report to Those Charged with Governance

The Committee considered a report from the external auditor on the results of the 2006/07 external audit. He said that he would be issuing his opinion of the accounts on 28 September 2007 and they would be formally closed on 30 September 2007.

The Committee noted that there were no material significant unadjusted misstatements to be brought to their attention. Since November 2006, the Council's Financial Standing position has become more challenging, with potentially the most significant issue being related to financing the costs of job evaluation. However the auditors were satisfied that the Council had complied with the Statement or Recommended Practice - SORP requirements in disclosing a contingent liability relating to this within the 2006/07 financial statements.

With regard to Use of Resources, the Committee noted that the auditors would issue an unqualified Use of Resources conclusion.

Resolved to receive the report.

21/07 Final Statement of Accounts 2006/07

The Committee considered a report from the Corporate Director of Resources that detailed the Final Statement of Accounts 2006/07. Carolyn Wright, Acting Assistant Director - Corporate Finance presented the report, which stated that the auditors had issued an unqualified audit opinion and that they had identified no material items on completion of the audit.

The final set of accounts for the 2006/07 financial year was attached at Appendix 2 of the report.

Resolved to

- 1. note that the auditors have issued an unqualified audit opinion and that they have identified no material items to bring to Members' attention on completion of the audit.**
- 2. approve the final set of accounts for the 2006/07 financial year, which include final adjustments made following the audit as explained.**

22/07 Management Letter of Representation

The Committee received a copy of a letter from the Corporate Director of Resources confirming the representations made in the audit report Statement of Accounts.

Resolved to note the report.

Internal Audit and Risk Management

23/07 Internal Audit Update

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 June 2007 to 31 August 2007.

It was noted that the majority of time had been spent on investigation work in Environmental Services and on the Financial Management Standard in Schools (FMSiS). Progress reports on the investigations would be reported to future meetings of the Committee.

The Head of Audit and Risk Management briefed the Committee on the key issues arising from the Internal Audit reports produced during the period.

Resolved to

- 1. note the activity and performance of Internal Audit in the period 1 June 2007 to 31 August 2007.**
- 2. request an update at the December meeting on the progress being made to review the Council's Contract Procedure Rules**

24/07 National Fraud Initiative, NFI

The Committee considered a report from the Head of Audit and Risk Management setting out details of progress made on the National Fraud Initiative, NFI 2006/07. NFI is a data matching exercise that tackles a broad range of fraud risks faced by the public sector.

The Committee noted that the Audit Commission has been carrying out an NFI pilot data matching at a number of local authorities to detect fraudulently claimed council tax single person discounts. Richard Boneham, Head of Audit and Risk Management informed the Committee that the Audit Commission was now extending this to all local authorities. The legal position surrounding the release of the full Electoral Register to a third party was currently the subject of discussions between the Association of Electoral Administrators and the Ministry of Justice.

The Head of Audit and Risk Management told the Committee that to his knowledge the Audit Commission's data matching protocol has not received formal approval by the Information Commissioner.

The Committee expressed concern over informing people retrospectively that their data may have been used for fraud prevention purposes, particularly with regard to sharing electoral registration and council tax data as it could adversely affect people registering to vote.

Resolved to

- 1. note the report**
- 2. ask the Head of Audit and Risk Management to bring an update on progress with the initiative to a future meeting of the Committee.**

25/07 Compliance with the CIPFA Code of Practice for Internal Audit

The Committee considered a report from the Head of Audit and Risk Management setting out details of the Council's compliance with the CIPFA code of practice for internal audit. The key development areas identified in relation to compliance with the Code and progress made against them was set out in the report.

An Audit Strategy was attached at Appendix 2 of the report. The Chair invited members to review the strategy and bring their comments to the next meeting of the Committee.

Resolved to note the progress made on the areas identified that needed further development to comply with the Code of Practice.

26/07 Work programme

The Committee considered a report from the Corporate Director of Resources that detailed an updated work programme. A copy of the work programme was attached at Appendix 2 of the report.

The Committee was informed that an additional meeting has been scheduled for 1 November 2007 to receive updates from the Head of Audit and Risk Management on the investigation work that the Internal Audit Section has been involved in during the year and also to provide members with details on the lessons learned from the DAVIS (Jayex) signboard project.

In addition to those given in the report the Committee asked to receive reports on the previous and current Highways Maintenance Term Contracts at the next meeting. In relation to procurement procedures, Richard Boneham, Head of Audit and Risk Management brought the Committee's attention to the Derby City Procurement connection document, which can be found on the Council's intranet, Derbynet.

Resolved to

- 1. agree the updated work programme of the Committee.**
- 2. receive a report at the December meeting on the contract management of the previous Highways Maintenance Term Contract with Morrisons.**
- 3. receive a report at the December meeting on the contract management procedures for the current Highways Maintenance Term Contract with McAlpine.**
- 4. receive a presentation from the Council's Procurement Officer on the**

Derby City Procurement Connection.

MINUTES END