

Time Commenced: 6.00pm
Time Finished: 7.35pm

**AUDIT AND ACCOUNTS COMMITTEE
24 SEPTEMBER 2009**

Present: Councillor Jackson – Chair
Councillors Harwood, Holmes and Troup

17/09 Appointment of Chair

Resolved to appoint Councillor Jackson as Chair for the meeting.

18/09 Apologies for Absence

Apologies for absence were received from Councillors Allen and Roberts

19/09 Late Items

In accordance with Section 100(B) (4) of the Local Government Act 1972, the Chair agreed to admit the following late item on the grounds that it could not wait until the next meeting.

- Office of Fair Trading findings on bid rigging in the construction industry

20/09 Declarations of Interest

There were no declarations of interest.

21/09 Minutes

The minutes of the meeting held on 25 June 2009 were agreed as a correct record and signed by the Chair.

Accounts

22/09 Statement of Accounts 2008/09 Post Audit Re-approval

The Committee considered a report which stated that the Council's external auditors Grant Thornton had now completed the audit of the 2008/09 set of accounts approved by this Committee on 25 June 2009. John Roberts from Grant Thornton addressed the Committee. They were required to issue a report summarising the results of the audit covering issues arising from the audit of the financial statements and those issues which they were formally required to report under the Audit Commission's Code of Audit Practice and International Standard

of Auditing ISA260 – Communication of audit matters with those charged with governance – in our case the Audit and Accounts Committee.

Resolved

- 1. To approve the final set of accounts for the 2008/09 financial year at Appendix 2 of the report which included final adjustments made following the audit as explained in Appendix 3 of the report.**
- 2. To agree that the capital determination be recommended for approval at Appendix 4 of the report.**
- 3. To note that the auditors anticipate issuing an unqualified audit opinion, as included in the final set of acceptance of the external audit memorandum.**
- 4. To note that a number of fundamental misstatements were raised during the audit in relation to fixed assets at 31 March 2009 and there was one unadjusted misstatement agreed as being immaterial to the accounts for the opinion purposes. These changes have not altered the £1.164m revenue outturn underspend position to 31 March 2009, the changes being to 'technical' non cash adjustments.**

23/09 Letter of Representation

The Committee considered a report which stated that as part of the accounts closure process local authorities were required to submit a letter of representation to their external auditors. John Roberts from Grant Thornton addressed the Committee. The letter of representation sets out assurances from the Council to the Audit Commission that relevant accounting standards and disclosure requirements have been complied with.

Resolved to note the letter of representation in relation to the 2008/09 Accounts to be signed by the Corporate Director Resources and the Chief Executive.

Governance

24/09 ISA 260 Report (annual report to those charged with Governance)

The Committee considered a report which stated that the memorandum from the external auditors Grant Thornton was attached at Appendix 2 of the report. John Roberts from Grant Thornton addressed the Committee. The purpose of the memorandum was to highlight the key issues affecting the results of the Council and the preparation of the Council's financial statements for the year ended 31

March 2009.

Resolved

- 1. To receive the external auditor's memorandum for the financial year 2008/09 including the report to those charged with governance.**
- 2. To request updates at future meetings on the progress made on the implementation of the recommendations made by external audit.**

25/09 Update of External Audit recommendations in Interim Audit

The Committee considered a report which stated that the interim audit report from Grant Thornton, together with the action plan to address the observations/recommendations made in the report, was reported to this Committee in June 2009. Appendix 2 of the report provided a detailed update on progress made against the actions. The majority of actions had been completed, some in advance of the deadlines set in June 2009, and all outstanding actions were expected to be completed by December 2009.

Resolved

- 1. To note the progress made on the Interim Audit action plan 2009/10.**
- 2. To receive an update at the December meeting of the Committee.**

26/09 Governance Update

The Committee considered a report which provided Members with an update on several key governance issues including Risk Management issues, National Fraud Initiative 2008/09 and Audit Commission Publication – 'Protecting the public purse'.

Resolved to note the report.

27/09 Review of Council's Financial Procedure Rules

The Committee considered a report which stated that the Council's Financial Procedure Rules were previously reviewed in 2006. Given the significant changes to the Council's systems, processes and personnel since then, we have reviewed, updated and refreshed the Council's Financial Procedure Rules. The revised Financial Procedure Rules include changes to most sections and were now presented in line with the Chartered Institute of Public Financial Accountant (CIPFA) good practice. Officers will be reviewing delegated limits for Chief Officers, regarding revenue virement limits and capital commencement

authorisation limits.

Resolved to defer a decision to a special meeting to be arranged in October 2009 to consider the detailed changes that will be presented in an annotated format..

28/09 Contract Waivers

The Committee considered a report which stated that the Council's new Contract Procedure Rules were approved by Council on 20 May 2009 and came into effect on 1 Jul 2009. Rule 6.7 required that all waivers must also be reported by the Head of Procurement on a quarterly basis to this Committee so the use could be monitored. Appendix 2 of the report listed those waivers which had been granted since July 2009.

Resolved to note the report.

29/09 Training for Audit and Accounts Committee Members

The Committee considered a report which stated that at the meeting on 25 June 2009, the Committee asked the Head of Audit and Risk Management to explore the setting up of training on treasury management. The Group Accountant – Technical has been liaising with the Council's Treasury Management Advisors, Butlers, and they have indicated that they were able to provide the training in November 2009.

Resolved

- 1. To request the Head of Audit and Risk Management to finalise the arrangements for the Treasury Management Training.**
- 2. To request the Head of Audit and Risk Management to schedule the awareness session on the main IFRS changes to the accounts for 3 December 2009.**

Internal Audit

30/09 Internal Audit Progress Report

The Committee considered a report which summarised the internal audit work completed in the period 1 June to 31 August 2009.

Resolved to note the activity and performance of Internal Audit in the period 1 June to 31 August 2009.

31/09 Follow up of Internal Audit Recommendations

The Committee considered a report which stated that at each December meeting, members of the Committee receive a report from Internal Audit on the follow up of audit recommendations, which shows the implementation of accepted recommendations made in the previous Audit Plan year. The information was gathered by distributing questionnaires, approximately 8 weeks prior to the December Committee, to Line Managers to find out the latest implementation status of the agreed recommendations. Following a review of the responses audit makes a recommendation to Committee as to whether a formal follow up audit should be undertaken.

Given the limitation of audit resources, relatively few audits are subject to a formal follow up audit, although many finance-based audits are revisited annually according to a programme agreed with external audit. At the time of reporting to Committee, many of the agreed recommendations are still in the process of being implemented. Consequently, if the decision is taken not to formally follow up an audit, we never actually establish whether those recommendations still not implemented, ever do get implemented.

To address this, the Head of Audit and Risk Management considers that the follow up audit process needed to change. The new process relies on the recent development of a Recommendation tracking database. Holding the information in this format allows audit to monitor and report upon the implementation status of recommendations in ways that were not previously possible. Internal Audit was now also able to send e mails, automatically generated by the database, to officers responsible for action when their recommendations' action dates had been exceeded. Emails would request an update on each recommendation's implementation status, which could be fed back into the database, along with any revised implementation dates.

Chief Officer had been consulted on the proposed new procedures and support the proposals for this revised approach.

Resolved to approve the approach to the reporting of the follow up audits to the Committee.

Items Called in by the Chair

32/09 School Bus Provision

This item was deferred until the next meeting.

33/09 Office of Fair Trading Findings on Bid Rigging in the
Construction Industry

The Chair reported that the Office of Fair Trading (OFT) judgement had been

published and a review of OFT guidance was underway to see if anything needed to be addressed.

Resolved to receive a report on the Office of Fair Trading guidance at the December meeting of the Committee.

34/09 Exclusion of the Press and Public

To consider a resolution to exclude the press and public during consideration of the following items:

“that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following items on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”

35/09 Non Compliance with Contract Procedure Rules

The Committee considered a report on non compliance with contract procedure rules.

Resolved to note the report.

36/09 Internal Audit – Update of Progress

The Committee considered confidential information on progress of Internal Audit.

Resolved to note the report.

Chair of the next ensuing meeting
at which these minutes were signed