

Time commenced : 6.00 pm  
Time finished : 7.30 pm

## **AUDIT AND ACCOUNTS COMMITTEE 28 SEPTEMBER 2006**

**Present:** Councillors Tittley (Chair)  
Councillors Allen, Care, Higginbottom, Ingall and Jones

### **Officers in Attendance:**

Richard Boneham, Head of Internal Audit and Risk Management  
Phil Walker, Assistant Director (Corporate Finance)  
Ellen Bird, Constitutional Services Officer  
Carolyn Wright, Head of Accountancy  
Paul Dransfield, Director of Resources and Housing  
Keith Howkins, Head of Service Children and Young People  
John Winters, Corporate Director Environmental Services  
Christine Durrant, Assistant Director – Highways and Transport  
Pete Price, Transport Policy Manager  
Steve Dunning, Assistant Director – Democratic Services  
Steve Valentine, Partner, Pricewaterhousecoopers

### **15/06 Apologies for Absence**

Apologies for absence were received from Councillors S. Khan, Smalley and West

### **16/06 Late Items to be Introduced by Chair**

There were no late items.

### **17/06 Declarations of Interest**

Councillor Higginbottom declared a personal and prejudicial interest in relation to minute number 28/06 as she had carried out consultancy work for Derby Transport. She left the room whilst this item was discussed.

### **18/06 Minutes of Previous Meeting**

The minutes of the previous meeting held on 29 June 2006 were approved as a correct record and signed by the Chair.

19/06      Training Session – External Audit's Role

The Committee received a training session from the External Auditors on their role in monitoring and approving the Council's accounts.

**Resolved to note the training and thank the external auditors for their presentation.**

Accounts and Performance

20/06      2005/06 Report to those charged with  
Governance

The Committee received the External Auditor's report to those charged with Governance.

The Committee noted that the report concluded that the External Auditors would issue an unqualified opinion of the Council's accounts.

**Resolved to note the report.**

21/06      Final Accounts 2005/06 – Post Audit Re-  
Approval

The Committee considered a report from the Corporate Director – Resources and Housing.

**Resolved**

- 1. To note that the Auditors have issued an unqualified audit opinion and that they have identified no material items to bring to Member's attention on completion of the audit; and**
- 2. To approve the final set of Accounts for the 2005/06 financial year set out in Appendix 2 of the report which included final adjustments made following the audit as explained in Appendix 3 of the report.**

22/06      Management Letter of Representation

The Committee considered a letter from the Director of Resources and Housing to the External Auditors setting out his representations in relation to the Statement of Accounts of Derby City Council for the year ended 31 March 2006.

**Resolved to note the letter.**

## **23/06      Implications of Accounts and Audit Regulation Amendments 2006**

The Committee considered a report from the Director of Resources and Housing detailing the changes to Audit and Account Regulations 2006. The report explained that the revised requirements of the audit and accounts function could be met by minor adjustments to procedures.

**Resolved to note the report.**

## **External Audit**

### **24/06      Indicative External Audit Plan**

The Committee received a report from the Corporate Director – Resources and Housing which set out the indicative external audit and inspection plan for 2006/7.

The External Auditor informed the Committee that the plan set out the approach that would be taken to the 2006/7 accounts and highlighted any significant issues they would be investigating.

**Resolved to note the report.**

## **Governance Issues in Contracts**

### **25/06      Review of RTI - Chellaston**

The Committee received an oral report from Christine Durrant, Assistant Director – Highways and transport regarding the roll out of RTI in Chellaston.

It was noted that the project had initially been projected to take 14 weeks but that it was now running behind by several months. Reasons for the delay included design changes, theft of equipment, the Christmas monitorium, the Christmas shut down, a high number of projects being run by the same contractor and the conflicting priorities this created and problems with the bus operators having the correct equipment on the buses to operate the system successfully. The contractor was being used for other highways contracts throughout the City under partnering arrangements.

The Chair queried whether there were penalty clauses written into the contract to compensate for the delays. It was reported that there was a default notice but that this was very rarely used and had not been used in this

case. The Committee was given an assurance that there should be no further delays to the scheme and that the scheme should be running by Christmas.

## **Resolved**

- 1. To note the report.**
- 2. To request the Head of Audit to ensure that the RTI – Chellaston contract and highways partnering arrangements generally are added to the internal audit plan for review, in order to learn from the mistakes that have been made in this project.**
- 3. To note the expectation that this audit report would be called in for further review once available.**

## **26/06      Tree Management Policy**

The Committee considered a report from the Chair of the Audit and Accounts Committee regarding Derby City Council's Tree Management Policy and the implications for the risk management of this issue.

The Corporate Director – Environmental Services informed the Committee of the actions he had taken in response to the recommendations of the Planning and Environment Overview and Scrutiny Commission on the Tree Management Policy. He considered that most of the recommendations had generally been discharged with the use of additional funds allocated by Cabinet to address identified risks, with the exception of the preparation of a strategy for comprehensive tree management , which he considered should not be a service priority.

## **Resolved**

- 1. To request that a Strategy that will cover all aspects of Tree Management in Derby be prepared and brought to the December meeting of the Audit and Accounts Committee together with a further update on how the Environment Commission's recommendations have been implemented; and**
- 2. To request that statistics regarding trees that have been reported as a risk be brought to the December meeting.**

## **27/06      Update on IT Disaster Recovery and IT Site Security**

The Committee considered a report prepared by the Assistant Director – ICT and Performance Management setting out the progress made to date in implementing earlier recommendations and the timescale for further work. In accordance with previous discussion at the Committee, it was also planned that the AD – ICT should bring a further report back in December.

### **Resolved**

- 1. To confirm the request to receive a further update at the December meeting of the Audit and Accounts Committee; and**
- 2. To request that clarification be provided to Committee members as assurance that the prioritised work being done to minimise the IT risks extended to services to vulnerable people e.g. the system that controls elderly people's personal safety alarms.**

## **28/06 Home to School Transport**

The Committee received a report from the Assistant Director Highways and Transport.

The Committee noted that Consultants had been brought in to help meet the recommendations of the Internal Auditors as part of a wider review of transport arrangements across the Council.

**Resolved to request a further update report at the December meeting and a final report at the Committee's meeting in April 2007.**

## **29/06 Dale Community Primary School**

The Committee received a report from the Corporate Director for Children and Young People.

The Committee were informed that the School now had a new Head Teacher and Finance Officer. The School had recently undergone an Ofsted Inspection. The Head of Children and Young Persons Finance reported that he was satisfied with progress made in implementing the recommendations in this context.

The Committee raised concerns that other School's finances might not be sufficiently robust in the absence of a recent audit review. The Assistant Director (Corporate Finance) explained that plans were currently being drawn up to increase the frequency of reviews in primary schools in response to the recent extension of the Government's Financial Management Standard in Schools to primary schools. It was intended to report on these plans to the December meeting of the Committee.

### **Resolved**

**1. To note the report and**

**2. To request that the main findings of school audits including those at Dale Community Primary School be anonymised and circulated to all Heads to highlight general areas of potential risk for their attention.**

### **30/06      Appointment of Members of the Independent Remuneration Panel on Members' Allowances**

The Committee received a report from the Director Corporate and Adult Social Services.

The Committee noted that Derby University had nominated their Head of the Human resources Department as a potential Panel Member and that Derby City Partnership were currently waiting for nominations.

The Committee queried whether Derby City Partnership was sufficiently independent from the Council. The Assistant Director – Corporate Services informed the Committee that historically people nominated from the Derby City Partnership had always maintained their independence.

#### **Resolved**

- 1. To request a further report at the October Meeting of the Commission if the appointments have been finalised or if not to delegate powers to the Corporate Director Corporate and Adult Social Services in consultation with the Chair and Vice Chair to approve appointments to fill vacancies in the Membership of the Independent Remuneration Panel; and**
- 2. To ask the Chair to write on behalf of the Committee to thank the Members of the Panel who have recently stood down.**

### **31/06      Review of the Terms of Reference**

The Committee received a report from the Corporate Director Resources and Housing.

The Committee noted that CIPFA had produced some guidance on what should be included in Audit and Account Committee's Terms of Reference, and that the proposals would ensure compliance with this guidance.

**Resolved to recommend Council to approve the proposed amendments to the Terms of reference of the Audit and Accounts Committee which were detailed in appendix 2 of the report.**

## 32/06 Updated Work Programme

The Committee received a report from the Corporate Director Resources and Housing.

### **Resolved**

- 1. To note the Work Programme; and**
- 2. To add a report in to the October Meeting regarding Anti Money Laundering Policy; and**
- 3. To add the reports that have been to this meeting in to the programme as specified above.**

MINUTES END