

# ITEM 4

Time Commenced: 6.30pm  
Time Finished: 8.30pm

## **AUDIT AND ACCOUNTS COMMITTEE WEDNESDAY 24 SEPTEMBER 2008**

**Present:** Councillor Roberts – Chair  
Councillors Allen, Harwood, Holmes, Troup and Willoughby

### **23/08 Apologies for Absence**

Apologies for absence were received from Councillors Graves and Jackson

### **24/08 Late Items**

There were no late items.

### **25/08 Declarations of Interest**

Councillor Roberts declared a personal interest in minute number 37/08 as he was a member of the Derwent Community Partnership board

Councillor Troup declared a personal interest in minute number 37/08 as he was a member of the Derwent Community Partnership board

Councillor Allen declared a personal interest in minute number 29/08 as he received a teachers' pension

### **26/08 Minutes**

The minutes of the meeting held on 26 June 2008 were agreed as a correct record and signed by the Chair.

### **Items called in by the Chair of the Committee**

### **27/08 Bereavement Services**

The Committee received an update on burials within the city. The item had been considered by Overview and Scrutiny, but the Chair had raised additional concerns about the costing and methodology used to calculate the prices. The Committee considered the comparative data, which had been presented to the Muslim Advisory Group, who were representative of the primary users of the vaults. It was noted this was a complex issue as no provider offered vaults in the

same ways. The current method of interment had been agreed by the Muslim Advisory Group, and they had required deeper, wider and more water tight graves, which added to the costs. It was reported that even at the new prices, Derby still offered a significantly cheaper service than other authorities. The authority was still subsidising the burials as the cost of work was charged at a flat rate. It was noted that other authorities added in the cost of upkeep of the cemetery into the burial, whereas Derby cross subsidised from the crematorium so as not to penalise individuals' choices. The prices had been benchmarked and were still at the lower end. The fees were increased now as the end of an agreed phased introduction of increases had been reached. The authority was now in consultation regarding alternative options, including costs and the required specifications of the communities.

**Resolved to note the report.**

## Independent Remuneration Panel

28/08      Independent Remuneration Panel Report on Members' Allowances

The Committee considered a report from the Independent Remuneration Panel. It was reported that the Independent Remuneration Panel consisted of five members, but it was felt that it would be helpful to increase the number to seven to ensure reasonable representation on the Panel. As the panel met during the day, it was felt that seven members would also ensure a greater breadth of representation at each of the meetings.

The report also recommended introducing an attendance allowance for members of the Independent Remuneration Panel and the Standards Committee. A survey of other authorities had been done, and although there was no consistency it was clear that Derby was out of step with other authorities by not paying an allowance. It was noted that some Members may not claim as they worked for partner organisations and were given time off to fulfil their duties at Derby. It was reported that Derbyshire Police Authority had recently introduced an Independent Remuneration Panel and were paying £77.60 to members, in addition to travel and subsistence claims. In light of this it was felt that it would be reasonable to suggest paying £100 a meeting for the Chair of Panels and £50 a meeting for the Members.

**Resolved to:**

- 1. Approve the appointment of two additional members on the Independent Remuneration Panel for Members' Allowances; to authorise the Director of Corporate and Adult Services, in conjunction with the Chair and Vice-Chair, to make appointments; and to request a report back on the appointments made**

- 2. Approve the payment of an attendance allowance of £100 a meeting for the Chair and £50 a meeting to Panel Members, in addition to travel and subsistence expenses.**

## Accounts

### 29/08      Statement of Accounts 2007/08 Post Audit Re-approval

The Committee considered the statement of accounts 2007/08 post-audit. The auditors had not yet issued an unqualified audit opinion and this would not be possible until the accounts had been re-adopted. The Committee recognised that the 1.871m out-turn was an under-spend in the accounts and felt this should be highlighted.

The Committee asked what improvement plans were in place to reduce the non-collection of Council Tax. It was noted that performance was being reported to the Scrutiny Management Commission and to performance surgeries. The evidence at the end of August suggested that significant inroads were being made. The budget was set on achieving 98.4% collection for each year in the long run, but the 'in year' figures did not always reflect that this was on target. It was noted that Derby's performance was average for unitary authorities, but in the bottom quartile overall. However, due to the demographics of Derby city, it would never be possible for the authority to be in the top quartile when compared to all local authorities.

#### **Resolved :**

- 1. To note that the auditors would issue an unqualified audit opinion once the accounts were readopted and that they had identified no undisclosed material risks or errors.**
- 2. To note that the Council had agreed to disclose**
  - A contingent liability of £1million relating to potential asbestos claims**
  - A £2.1 million notional cash balance that appears to represent a historic difference on balances transferred from Derbyshire County Council when the Council was established as a Unitary Authority.**
- 3. To approve the final set of accounts for the 2007/08 financial year at Appendix 2, which include final adjustments made following the audit as explained in Appendix 3**
- 4. To approve the minor adjustments to the Annual Governance Statement 2007/08 as detailed in point 2.4**
- 5. To agree that the amended capital determination be recommended for approval at appendix 4**

### 30/08      Annual Report to those charged with Governance

2007/08

The Committee considered the annual report to those charged with governance. The external auditors were required by International Auditing Standards ISA260 to issue a report to those charged with governance summarising the conclusions of their audit work. It was noted that this was the most important output that the auditors gave, and was also an extended report as it offered value for money conclusions. It was noted that the audit process had not been smooth, and both sides had been disappointed with the experience. This was partly due to the loss of a key member of finance staff, and the auditors were impressed with the spirit with which the Authority addressed the problems.

The committee expressed concerns regarding the formal documentation of procedures and policies for new starters and leavers and the implementation of user access reviews. Concerns were also raised about debtors management, as the auditors felt it was important for the Council to have more ownership of the issues. The Chair sought further information from the External Auditor on the findings in relation to the FRS 17 valuation and the subsequent actions required on the County Pensions Fund actuarial valuations. It was agreed that the Chair and the Director of Resources would investigate this issue further. It was reported that next year there would be a dedicated resource for the audit to help the process run more smoothly.

**Resolved:**

- 1. to note the recommendations made in the interim report 2007/08**
- 2. To receive the annual statement to those charged with governance 2007/08**
- 3. To request updates at future meetings on the progress made on the implementation of the recommendations made by External Audit in both reports**
- 4. For the Chair and the Director of Resources to talk to Keith Holmes who is responsible for administration of the County Pension Fund at Derbyshire County Council regarding recommended processes**

31/08      Letter of Representation

The Committee considered the letter of recommendation. As part of the accounts closure process local authorities were required to submit a letter of representation to the external auditors setting out assurances that relevant accounting standards had been adhered to and the rationale for the accounting methodology

**Resolved to note the letter of representation.**

Fraud

## 32/08      National Fraud Initiative 2008/09

The Committee considered a report on the national fraud initiative. The national fraud initiative sought to combat fraud by comparing and exchanging data. This was a two-yearly exercise, and the last one had run in 2006. Datasets were required to be extracted on 6 October 2008 and uploaded by 13 October 2008. Some datasets are uploaded on the Council's behalf, by external bodies. It was also noted that the Council Tax and Electoral Roll data would not be required until October 2009. This data matching exercise was not only concerned with detecting fraud but also with identifying error, in the case of the creditors data, through duplicate payments. It was reported that the data was uploaded onto a secure website with password protection, so there were no concerns with data security. It was noted that the Council had followed best practice guidance on providing fair processing notices for all datasets.

### **Resolved:**

- 1. To note the requirements of the National Fraud Initiative 2008/09**
- 2. To request updates on the progress of the exercise at future meetings**
- 3. To note the progress to date on the internal data matching exercise at the December 2008 meeting**

## Risk

## 33/08      Annual Risk Management Report 2007/08

The Committee considered the annual risk management report 2007/08. One of the key issues was the transfer of the insurance section to the Head of Audit and Risk Management in July 2007. It was noted that this transfer provided additional resources for the risk management function and that insurance has close links with risk management as it is one way of mitigating risk. Risk management awareness session had been run, and all had been fully subscribed. A risk management handbook which includes the strategy and methodology for risk assessments had been placed on the intranet for staff use. Some funding had been received from the Council's insurers for risk management activities and it was hoped to use a proportion of this to purchase dedicated risk management software.

### **Resolved to note the report**

## Internal Audit

## 34/08      Internal Audit Progress Report 2008/09

The Committee received an update on the activity and performance of internal

audit from the period 1 June 2008 to 31 August 2008. It was noted that the internal audit team was now fully staffed, but the team had spent 25% of its time to date doing investigation work which may have an impact of delivery of audits within the Annual Audit Plan.

**Resolved to note the update**

**35/08          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”

**36/08          Non-Compliance Contracts – Regeneration and Community**

The Committee received a confidential update from Christine Durrant, Assistant Director, Highways and Transport and Jonathon Guest, Director of Regeneration and Community on contract compliance within the department. The Committee asked officers to explore the best options to satisfy the service needs in Regeneration and Community while ensuring compliance with contract procedure rules.

**Resolved:**

- 1. to note the update**
- 2. for the Director of Resources to arrange a meeting between relevant officers to agree a protocol for the procurement of consultants in Regeneration and Community.**

**37/08          Internal Audit – Completed Audit Investigations**

The Committee considered confidential information on completed audit investigations

**Resolved to note the report.**

MINUTES END