

ITEM 4

Time commenced : 6.00 pm
Time finished : 7.00 pm

AUDIT AND ACCOUNTS COMMITTEE 29 SEPTEMBER 2005

Present: Councillors Blanksby (Chair), Burgess, Graves, Hickson and Roberts.

Officers in Attendance:

Paul Dransfield, Director of Finance (part)
Richard Boneham, Head of Audit
Phil Walker, Assistant Director (Corporate Finance)
Andrew Thomas, Principal Solicitor

External Auditors

John Morris, Price Waterhouse Coopers (part)

1/05 Apologies for Absence

Apologies for absence were received from Councillors Jones and Redfern.

2/05 Late Items to be Introduced by Chair

There were none.

3/05 Declarations of Interest

There were no declarations of interest.

4/05 Terms of Reference and Work Programme of the Audit and Accounts Committee

The Assistant Director (Corporate Finance) introduced the report to the Committee.

Cllr Graves queried whether consideration should be given to reviewing the current location of the Internal Audit Section in the Finance Department. The Director of Finance responded that historically Audit had been incorporated into the finance departments of most authorities. In addition the independence of the Internal Audit section was now secured through the direct reporting access afforded to the Chair and Committee members. Wherever line management responsibilities lay, the Council's structure required that line management would be through a chief officer rather than the Chief Executive.

Resolved to:

- 1. Note the Terms of Reference and;**
- 2. Agree the forward Work Programme as set out in Appendix 3 of the Report**
- 3. Agree that the Head of Internal Audit and Risk Management had been accorded independent access to the Chair of the Committee and to bring reports to the Committee.**

5/05 Internal Audit Plan 2005/2006

The Head of Internal Audit and Risk Management informed the Committee that the report provided the Committee with background information to ensure that all Committee Members had relevant background knowledge on Internal Audit's work. This plan had already been approved by Cabinet prior to the Committee's formation.

Resolved to note the report.

6/05 Quarterly Internal Audit Report

The Head of Internal Audit and Risk Management reported to the Committee that the report provided the Committee with a summary of Audit Activity for the period 1 April 2005 – 30 August 2005.

Members noted the process to request an audit report be brought to the Committee for Scrutiny in order that managers and internal auditors could explain progress made against the reports recommendations.

Councillor Graves queried why recommendations made by internal auditors were not always accepted by managers. Officers commented that managers did not have to accept the recommendations and that they had overall responsibility for their services. Members noted that under the Audit and Accounts Committee's new remit they would have the power to call managers to Committee meetings to explain their reasons for not accepting recommendations.

It was noted that smaller schools often had difficulties with control procedures, but any significant weaknesses were only deemed significant in the context of the school, not the Council as a whole. This affected the statistics shown in Appendix 3 of the report. Members considered that it would be better to show the schools results separately in future.

The Committee discussed which reports they wished to examine in further detail at future Committee meetings.

Members were particularly keen to receive more details of follow up reports in order to track progress against the auditor's recommendations. This would help the Committee to determine which reports they wished to be reported to future meetings. The Head of Internal Audit and Risk Management commented that he would consider further how best this could be reported through in future.

Resolved to

- 1. Note the activity and performance of Internal Audit in the period 1 April – 30 August 2005.**
- 2. Agree that follow up reports be reported to the Committee following the general approach detailed in paragraphs 2.10 – 2.13 of the report.**
- 3. Agree that the following reports be considered at the December Committee Meeting:**
 - **Home to School Transport**

7/05 External Audit – Indicative External Audit and Inspection Plan for 2005/2006

The External Auditor presented the Committee with the Indicative External Audit Plan for 2005/2006. The Committee received a brief outline of the contents of the Plan and how it was structured.

It was noted that the finalised plan would be reported to the Committee at its December meeting.

Councillor Burgess queried whether substantive changes to the Indicative Plan were likely. The External Auditors reported that the finalised plan was likely to include additional information regarding the use of resources by the Council.

Resolved to note the report

8/05 2004/2005 Final Accounts – SAS610 External Audit Report

The External Auditor presented the SAS610 report to members. The issues within it were relatively minor and of insufficient materiality to warrant formal approval of a revised Statement of Accounts, beyond noting these changes.

The SAS610 report drew attention to the treatment of LOBO loans although this did not affect the audit opinion.

The Assistant Director (Corporate Finance) reported that LOBOs had been the subject of a Cabinet approval in June 2003 and that the issue of the

accounting treatment was a relatively recent development. It was believed that the Council's treatment was consistent with that of other authorities.

Resolved to

- 1. Accept the SAS610 report of the External Auditors and;**
- 2. Note that the External Auditors have identified no material adjustments required to the accounts or material weaknesses in internal control systems.**
- 3. Note the revised set of accounts circulated at the meeting for the 2004/5 financial year incorporating the minor adjustments referred to in paragraphs 7 and 8 of the SAS610 report.**

9/05 Audit and Accounts Committee – Training Plan

The Committee received a report from Head of Internal Audit and Risk Management which demonstrated that training of Members was a requirement of the CPA Use of Resources, and explained the steps already taken to address this.

Members considered that they would prefer to receive training in the form of briefing notes rather than structured face-to-face sessions, and that no distinction should be drawn between different Committee members. It was agreed that a briefing would be arranged for the next meeting of the Committee to start the training process.

Resolved to

- 1. Approve the approach to training detailed in the report**
- 2. Note that some training and guidance relevant to the responsibilities of the Committee has already been provided and that a formal training session will be included on the agenda for the December meeting.**

10/05 Proposed Dates for Future Meetings

Proposals for future Committee dates were circulated to the Committee.

Resolved to agree the following future Committee dates:

Thursday 8 December 2005

Tuesday 28 March 2006

Thursday 29 June 2006

MINUTES END