

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 15 March 2010

**PRESENT: Councillor Morris (Chair)
Councillors Dickinson and Evans,**

**IN ATTENDANCE: Phil Seddon, Head of Financial Services
Andrew Fox, Principal Auditor, Lancashire Audit Service
Zaheer Abbas, Senior Auditor, Lancashire Audit Service
Clive Portman, Audit Commission
Tony Hough, Audit Commission
Pat Couch, Scrutiny Support Officer**

1 Member of the public

1. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Aldred, Haworth, J Pilling and Councillor Essex, Portfolio Holder for Finance and Resources.

2. MINUTES OF THE MEETING HELD ON 3 DECEMBER 2009

Resolved:

That the Minutes of the meeting held on 3 December 2009 be signed by the Chair as a correct record.

3. DECLARATION OF INTEREST

There were no declarations of interest.

4. URGENT ITEMS OF BUSINESS

There were no urgent items of business

5. PUBLIC QUESTION TIME

The Chair agreed to deviate from the Procedure for Public Speaking and allow the member of the public to ask questions as the reports were discussed.

6. CHAIRS UPDATE

The Chair informed Members that Audit and Accounts training had been included on the Committee Schedule and would take place on 17 May 2010.

The Chair asked that a letter be sent to Heather Massie, Co-opted Member, whose term of office expires at the end of the Municipal Year, thanking her for the contributions she had made to the Committee.

7. INTERNAL AUDIT PROGRESS REPORT

The Senior Auditor introduced the Internal Audit Progress Report, for the period ending 28 February 2010, indicating that from the work undertaken to date, no significant weaknesses have been identified.

Currently 202 days had been spent in the eleven months since the start of the financial year to deliver the audit plan. This equates to 72% of the total audit activity of 280 days planned for the year.

Since the last meeting, three reports have been finalised relating to the work around treasury management, general ledger and budget monitoring and council tax.

The system of internal control over the treasury management function has adequate controls and is generally operating effectively in the areas reviewed. Good practice had been maintained in relation to cash flow monitoring for both daily cash flow and cash flow forecasting procedures. The report identified four low priority recommendations for which the internal auditors have received suitable management responses to action the recommendations raised in the report.

In relation to general ledger and budget monitoring the Council has adequate controls to achieve its control objectives, although one medium and two low priority recommendations were made, and suitable management responses have been received towards the implementation of the recommendations raised. The medium priority recommendation related to a one-off situation which resulted from the removal of the former system administrator's user access rights and meant that the control account reconciliations could not be performed. This matter has now been resolved and the control account reconciliation process has been recommenced accordingly.

The system of internal control over the operation of the council tax system had adequate controls to achieve its control objectives and was operating effectively except that it is possible for any member of the team to perform a write off transaction without any level of authorisation. The Service Assurance Team are to implement quality checking procedures to ensure only authorised write offs are processed.

A number of questions were raised to which the Auditor responded.

Resolved:

That the Internal Audit Progress report for the eleven months to 28 February 2010 be noted.

8. INTERNAL AUDIT ANNUAL PLAN 2010/11

The Principal Auditor presented the Internal Audit Annual Plan 2010/11, indicating that the proposed plan amounted to 280 audit days and covered both core financial systems and focussed reviews. He summarised the planned work as detailed below.

- Health Inequalities – the need for partnership working
- Waste and Recycling
- Licensing
- National Fraud Initiative – updates to provided at future meetings
- IT Controls – detailed coverage would be agreed on completion of the IT service management review which is currently ongoing. The possibility and value of reviews focussing upon Government Connect accreditation, and the Payment Card Industry Data Security Standard relating to debit/credit card payments were discussed.
- Data Quality.

The Principal Auditor indicated that the Audit Team had met with the Senior Management Team and the Audit Commission to put together the plan.

Comments from Committee in relation to the plan were as follows:

- Ensure that figures are calculated from both recycling sites.
- When looking at Licensing, the Gambling Act 2005 should be included

Resolved:

That the Internal Audit Annual Plan for the period 1 April 2010 to 31 March 2011 be approved.

9. EXTERNAL AUDIT REPORTS

a) Use of Resources 2008/09

The Audit Commission presented the key findings from its assessment of how the Council was managing and using its resources to deliver value for money and better sustainable outcomes for local people.

The Council had received an overall score of 3 for its Use of Resources, which means that the Council was performing well. The Audit Commission indicated that within Use of Resource theme – Governing the Business, four areas were looked at and of the 4 areas, 2 actually received a score of 3.

In relation to Managing Resources, the Council was one of only a few Councils that scored 3.

The Council was consistently applying good performance across all areas.

Resolved:

That the Use of Resources report be noted and approved.

b) Annual Audit Letter 2008/09

The District Auditor from the Audit Commission reported on the key messages of the reports as detailed below:

- The direction of travel was improving well.
- The financial statements were produced ahead of the deadline
- Working papers produced were of a high standard
- The Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.
- The Council was making good progress in putting in place arrangements for the implementation of the International Financial Reporting Standards

The District Auditor responded to questions raised by Members.

Resolved:

That the Annual Audit Letter be noted.

c) Organisational Assessment under CAA

The Audit Manager informed Members that the Council was performing well and that it had clear priorities for improving its services and the quality of life for local people. It had improved services over recent years. Local people's satisfaction with the area and the Council services had improved, but was still low in many other areas. The Council was working hard to understand local needs and was providing good support to disadvantaged people.

Resolved:

That the Organisational Assessment be noted.

d) Certification of Claims and Returns

The Audit Manager summarised the findings from the certification of 2008/9 claims at the Council, which was the first year that this had been a separate report.

The audit team certified 4 claims with a total of £31.8 million and 2 required minor amendments.

The District Auditors found that there were appropriate controls in place to monitor grant expenditure.

A number of questions were raised, which the Audit Commission responded.

Resolved:

That the Certification of Claims and Returns be noted.

e) Audit Opinion Plan 2009/10

The Audit Manager introduced the Audit Opinion which sets out the work they proposed to undertake for the audit of financial statements 2009/10.

The Audit Commission were confident they could deliver the audit within the original fee, which was £99, 500, which was in line with other Districts.

Resolved:

That the Audit Opinion Plan 2009/10 be noted.

On closing the meeting the Chair asked that future reports include comparison figures to other years, which would be particularly helpful for new members of the Committee.

The meeting commenced at 6.30pm and closed at 7.25pm

Signed
(Chair)

Date