



Minutes of the meeting of the AUDIT COMMITTEE held on TUESDAY 2 AUGUST 2006 at 7.30 PM

**Present:** Councillor Dransfield (Chair)  
Councillors Burke, Crooks, Hoyle (substituting for Councillor Tunney), Tamagnini-Barbosa, and Wilson.

Mr C Fogden (Independent Member)

**Officers:** D Wilkinson (Head of Audit and Risk Management), I Procter (Head of Finance), J Moffoot (Head of Democratic Services) and L Sung (Senior Committee Manager).

**In**

**Attendance:** A Burns and A Smith from District Audit.

**Apologies:** Councillors Coventry and Tunney

**AC07 MR C FOGDEN**

The Chair welcomed to the meeting Mr C Fogden, the newly appointed independent member of the Audit Committee.

**AC08 MINUTES**

RESOLVED –

That the minutes of the meetings of the Audit Committee held on 6 and 22 June 2006 be approved and signed by the Chair as correct records.

**AC09 REVENUE BUDGET MONITORING REPORT – TO END OF MAY 2006 (PERIOD 2)**

The Committee considered a report on the Revenue Budget for Period 2, which had been received at the last meeting of the Cabinet. The Committee was requested to consider how the report should be received in the future.

The Committee wished to concentrate more on the processes and procedures in place for monitoring the budget and to look at common themes and trends.

The Committee expressed some concerns regarding accuracy of information and suggested that more current information which may affect the forecast for the year be made available to the

Committee to ensure that a proper assessment could be made on current trends and to ensure that processes were accurately monitored.

The Head of Finance advised the Committee on overspends and underspends and made particular reference to a projected overspend in Children's Services. On occasion, the section would be required to deal with sometimes unpredictable and varying expenditure and in addition, had experienced some difficulties with the introduction of the new SAP system. She advised the Committee that SAP training would be arranged for Senior Managers and that HBS would be undertaking a full review of the section as part of their review of high-risk areas.

Members requested a report be brought to a future meeting on the matter.

Members were mindful of their role to ensure that appropriate internal control systems were in place to resolve specific issues.

RESOLVED –

1. That the report be noted.
2. That the Audit Committee expects service managers to complete financial forecasts more quickly to enable trends to be monitored and addressed as soon as possible.
3. That a report on actions to address the Children's Services revenue budget be brought to a future meeting of the Committee.

**AC10 CAPITAL PROGRAMME 2006-2007 – POSITION AS AT 31 MAY 2006**

The Committee considered a report which had been received by the Cabinet on the Capital Programme for 2006/2007 (position as at 31 May 2006).

The Committee suggested the following issues be considered in the future:

- Prudential Borrowing Indicators and Opportunities.
- Schools Building Programme – to investigate current processes with a view to eliminating problems.
- Capital Schemes funded by Section 106 and tariff - current process and procedure with specific reference to forward funding/delays in funding and risk assessment.
- Major Overspends and Underspends – To consider what internal controls were in place to balance budgets.

The Committee made reference to the urgent decision making process and requested that a report be brought to a future meeting of the Committee on process and procedure.

RESOLVED –

1. That the report be noted.
2. That a report on the urgent decision making procedure be considered at a future meeting of the Committee.
3. That the issues identified be considered as part of future reports on the Capital Programme.

**AC11            EXTERNAL    AUDIT    ANNUAL    AUDIT    LETTER    AND  
INSPECTION LETTER 2004/2005**

The Committee received the External Audit and Inspection Letter for 2004/2005 and was requested to consider how future Audit Letters and reports should be considered by the Committee.

The Chair requested the District Audit Service to submit their reports to tie in with Council deadlines and he reminded the District Auditor that the Council would be considering the Statement of Accounts post audit, and would receive the District Auditor's associated report at the end of September.

Members requested that a clear process be put in place to deal with draft audit reports and public availability and requested the District Auditor to report back to the Committee with proposals on a way forward.

It was noted that the service would be issuing the following reports:

- Private/Public Partnership (PPP) Review
- Change in Organisational Cultures
- Ethical Governance Review
- Systems Accounting Review
- Direction of Travel
- Review of SAP
- ISA+ 250
- Supporting People Review

RESOLVED –

1. That the report be noted.
2. That the future reports of the District Audit Service be noted.

3. That the District Auditor' be invited to report to a future meeting of the Committee a suggested way forward for dealing with draft reports and public availability.
4. That the list of future Audit Commission reports be submitted to the Policy Development Committees for their information and possible consideration.

## **AC12 INTERNAL AUDIT QUARTER 1 PROGRESS UPDATE**

The Committee received a quarterly update on progress towards achieving the Annual Audit Plan.

The Chair reminded the Committee that at the last meeting the Committee had agreed to consider interviewing any manager who had not implemented agreed internal audit recommendations within 6 months of the final report.

The Committee discussed issues relating to School Audits and suggested looking at the frequency of schools audits, how audits were approached and in what depth. The Committee was mindful not to get involved with specific issues or issues relating to individual schools but to look at common themes that may be occurring at schools.

RESOLVED –

That the report be noted.

## **AC13 AUDIT COMMITTEE BRIEFINGS PROTOCOL**

The Committee considered a draft protocol for briefing members outside of Audit Committee meetings. The Committee needed to satisfy itself that:

- The Committee was able to control its own workload
- The work of the Audit & Risk service adequately covered all Council activities
- The Audit & Risk service was suitably qualified and resourced
- Control weaknesses identified were improved as agreed within reasonable timescales
- The independence of the Audit & Risk service was protected and not improperly influenced

RESOLVED –

1. That the Briefing Protocol be approved, subject to the following amendments to section 5:

- (a) The first paragraph to read:

“That the Head of Audit & Risk Management will advise the relevant Cabinet Member and the Chair of the Audit Committee when an issue, in his opinion, requires the Audit Committee to be briefed”.

- (b) Delete paragraph 2
- (c) The third paragraph to read:

That the Head of Audit & Risk Management will arrange either a specific meeting to brief the Chair and spokespersons or include such briefings at the next routine planning meeting.

**AC14      ADDITIONAL MEETING – STATEMENT OF ACCOUNTS  
2005/2006**

The Committee noted that the Council would be required to meet before the end of September to consider the Statement of Accounts post audit and receive the District Auditor’s associated report.

The Council would receive the comments of the Audit Committee at this special meeting.

RESOLVED –

That a special meeting of the Audit Committee be held on 26 September 2006 at 5.30pm to consider the Statement of Accounts, its District Auditor’s report on the Accounts, and the Statement of Internal Control.

THE CHAIR CLOSED THE MEETING AT 9.40PM