

AUDIT COMMITTEE

15th March, 2010

PRESENT:- Councillor Chilver (Chairman); Councillors Cadd, Isham, Kennell, Mrs Mallard, Mills and Ralph.

APOLOGIES: Councillors N Blake, Mrs Morgan-Owen and Mrs Rowlands.

1. MINUTES

RESOLVED –

That the Minutes of 15th February, 2010 be approved as a correct record.

2. EXTERNAL AUDIT PROGRESS REPORT

The Committee received a report informing it of the progress made to date on the external auditor's main block of work for the 2009/10 audit, and when the outcomes of this work would be reported to the Audit Committee.

Members were advised that the auditors would be reporting their opinion audit plan to the June 2010 meeting when Members would also be reviewing the draft financial statements. The plan set out the auditor's approach for the opinion audit, as well as the approach to the value for money (VFM) conclusion following the use of resources work.

The Audit Committee would also be kept informed relating to the Council's preparedness for the implementation of International Financial Reporting Standards (IFRS), including the Audit Commission's national assessment of the preparedness of local authorities.

Information on the audit fee for the 2010/11 audit, which would include the implications for the first time implementation of IFRS and also the ongoing impact of the production of group accounts for Aylesbury Vale Estates (AVE) would also be reported to the June 2010 meeting.

Members' attention was also drawn to the Code of Audit Practice 2008 and the Statement of responsibilities of auditors and of audited bodies, that had been included with the agenda for information. A Code of Audit Practice 2010 had recently been issued which had minimal changes to the 2008 version.

Members requested further information and were advised:-

- (i) that Aylesbury Vale Estates (AVE) would need to produce their own financial accounts. AVDC would then need to account for the AVDC element of these as part of preparing their own financial statements.
- (ii) that the external auditors had started on their work for the 2009/10 audit, which was on schedule. This included the work on the Use of Resources assessment.

RESOLVED –

That the contents of the External Auditors' update and progress report be noted.

3. ANNUAL REPORT FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

The Committee received the second annual report from the Chairman of the Audit Committee which summarised the work carried out during the 2009/10 financial year. The preparation of an annual report represented best practice in promoting good governance and cascading information, and promoted transparency in respect of the committee's actions.

Members discussed the report and were advised:-

- (i) that as the Chairman's report was retrospective, it did not include information on Aylesbury Vale Estates (AVE). However, the annual report was likely to include mention of AVE next year.
- (ii) that whilst AVE was a separate entity and would manage its own Risk Registers, it would be prudent for the Committee to check and ensure that AVE had proper arrangements in place to manage risk.

RESOLVED –

- (1) That the Audit Committee Chairman's Annual Report be noted.
- (2) That the annual report of the Audit Committee Chairman be circulated to all Members via the Members' Information Sheet.

4. ANNUAL GOVERNANCE STATEMENT PREPARATION 2009/10

The Committee received a report updating it on the process made in developing the Annual Governance Statement (AGS) for 2009/10, an initial draft of which was included at Appendix A to the Committee report. The preparation and publication of the AGS was a statutory requirement of the Accounts and Audit Regulations. The final AGS would be submitted to the Committee's June meeting, together with the draft statement of accounts for 2009/10.

Members were informed:-

- that some end of year actions still needed to be completed and would be added to the draft when this had been done.
- that Heads of Service had recently completed internal control self-assessments, the due date had been 15 March, which would be used to inform the final draft AGS.
- that the internal control self-assessment had highlighted that further work was required relating to Equalities Impact Assessments. This would be added as an action to the Action Plan.

The Committee asked that additional information be included in the AGS on the following:-

- (i) paragraph 3.2.4 – on how the Council's values and Corporate Plan was communicated externally.
- (ii) paragraph 3.3 – Measuring the quality of services for users and value for money – on customer feedback and how the Council responded to it.
- (iii) paragraph 3.5 – The standards of behaviour for members and staff – on the Code of Conduct for Council staff behaviour.
- (iv) paragraph 3.7 – Role of the Audit Committee – to include further information explaining what the role actually entailed.

Members requested further information and were advised:-

- (a) on how probity was monitored by the AVDC.
- (b) that the second annual review of partnerships had been undertaken and would be reported to the Corporate Board.
- (c) that the Internal Audit Plan for 2010/11 would include audit work looking at major partnerships that the Council was involved in.
- (d) that the process for undertaking Service Plans had been refreshed this year, with Service Plans currently being finalised for the next year.

RESOLVED –

That the Internal Audit Manager be asked to take into consideration the comments at (i) to (iv) above in finalising the Annual Governance Statement.

5. DRAFT INTERNAL AUDIT PLAN FOR 2010/11

The Committee received a verbal update and presentation on the Internal Audit Plan for 2010/11. The plan was prepared to comply with the requirements in the CIPFA Code of Practice for Internal Audit in Local Government, and was developed with reference to the Council's risk management, performance management and other assurance processes.

The proposed audit reviews in each area were still being discussed and agreed with the relevant managers. The detailed scope and coverage of each review would also be agreed with management at the start of the audit work.

The balance of the work in the plan was similar to that undertaken in 2009/10 and would be delivered within the current resources of the Internal Audit Section by in-house staff. If necessary and it was required, some work could also be carried out under the joint internal audit arrangement that the Council had with other Buckinghamshire Councils to call in resources from an external accountancy firm.

The Committee was also provided with benchmarking information relating to the proposed audit work and informed that overheads for the next year had been reduced from 282 to 244 days. External work to be undertaken, in

particular for Wycombe District Council, had been separated out and detailed separately.

A summary of work for 2010/11 was: Finance 130 days, Risks ((Strategic and Operational) 120 days, Corporate Governance 85 days, IT 60 days, Fraud risks 60 days, Value for Money audits 30 days, and contingency and environmental risks 75 days.

It was agreed that a copy of the final draft of the Internal Audit Plan for 2010/11 would be presented and circulated to Audit Committee Members prior to it being finalised. The copy of the final plan would then be included with the next Audit Briefing Note.

Members requested further information and were advised:-

- (i) that a report on staff sickness absence / management was due to be reported to the Resources and Corporate Performance Scrutiny Committee in June 2010.
- (ii) that in preparing the audit plan, internal audit undertook a risk assessment for all areas within the Council, which included speaking with managers.
- (iii) that agreement of the call-in contract for the use of external accountancy assistance had not yet been finalised. The County Council was negotiating the contract on behalf of the other Councils in Buckinghamshire.
- (iv) that AVDC had not made use of the current call-in contract for two years, and only had to pay for the service if it used it.

RESOLVED –

- (1) That the Internal Audit Manager be asked to take into consideration the comments made at this meeting in finalising the Internal Audit Plan for 2010/11.
- (2) That, subject to the final draft of the Internal Audit Plan for 2010/11 being circulated to all Audit Committee Members for comment, approval be given to the Internal Audit Manager, in consultation with the Chairman of the Audit Committee, to make any minor amendments to the draft plan and to finalise it.

6. AUDIT COMMITTEE BRIEFING NOTE – FEBRUARY 2010

The Committee received a report which provided Members with an opportunity to respond to the matters raised in the Audit Briefing Note (February 2010) that had previously been distributed to Audit Committee Members. The matters covered in the note were:-

- (i) business continuity.
- (ii) risk management update, including updated Risk Registers for the Theatre and Waterside projects, the growth agenda and for the offices project.

- (iii) Internal Audit – reports issued and the recommendations tracker.
- (iv) Buckinghamshire Flood Management Scheme.

Members had not submitted any questions prior to the meeting, however, they did request further information and were advised:-

- (a) that further information on Buckingham flood protection would be included with the next Audit Briefing Note.
- (b) on the arrangements that the Council had in place to ensure that purchases with Council credit cards complied with Corporate Card and Information Security Policy.
- (c) that all Council credit card expenditure statements had to be authorised by an independent officer who was an authorised signatory, with the authorised statements then paid by the Financial Services Section.
- (d) that the Council had been given an assurance by EDF Energy that there was sufficient electricity supply for existing housing and businesses in the Vale. EDF was currently undertaking design work to determine the network configuration required to support growth and to define a project cost to deliver this new supply capacity.
- (e) on the risk management that had been done as part of the Pathfinder Shared Support Services project.
- (f) that the Internal Audit Plan for 2010/11 included looking at the key financial controls around the Benefits system and their effectiveness. This would include looking at how overpayment of benefits was reconciled between the Council's IWorld and APTOS systems.

RESOLVED –

That the contents of the Audit Briefing Note (February 2010) be noted.

7. AUDIT COMMITTEE WORK PROGRAMME 2010/11

The Committee considered the draft Work Programme for 2010/11.

RESOLVED –

That the Work Programme be approved, as amended at this meeting.

8. FUTURE MEETINGS

The next meeting of the Audit Committee would be held at 6.30 pm on the 28th June, 2010, in the Meeting Room at The Gateway, Gatehouse Road, Aylesbury.