

**AUDIT COMMITTEE**  
**27 JUNE 2006**

Present: Councillors Beaver (the duly appointed substitute for Councillor Pragnell), Birch (the duly appointed substitute for Councillor Chowney), Smith (in the Chair), Springthorpe and Tucker.

Apologies for absence were received from Councillors Chowney and Pragnell.

**1. MINUTES**

**RESOLVED** – that the minutes of the meeting held on 21 March 2006 be approved and signed by the Chair as a true record.

**2. DECLARATIONS OF INTEREST**

The following Councillors declared their interests in the minutes indicated: -

Councillor	Minute	Interest
Smith	5 – Draft Audit Committee’s 2005 – 06 Report to Council (In so far as that related to Hastings Trust)	Prejudicial – Had been a member of Hastings Trust and was currently a director of a subsidiary Company.
Tucker	5 – Draft Audit Committee’s 2005 – 06 Report to Council (In so far as that related to Hastings Trust)	Prejudicial – Member of Hastings Trust

Eileen Masters, Chief Auditor, declared her interest in Minute no. 5 – Draft Audit Committee’s 2005 – 06 Report to Council, in so far as that related to Hastings Trust, because she was now a trustee.

**3. FINAL ACCOUNTS 2005 - 06**

The Deputy Chief Executive and Director of Finance submitted a report setting out the final accounts position for 2005-06 and seeking authority to:-

- (i) finance capital expenditure as indicated; and
- (ii) agree reserve movements as indicated.

There was an improvement in the General Fund revenue outturn compared to the revised budget. The accounts for 2005-06 were complete but subject to examination by the District Auditor.

The Committee was also asked to approve the Statement of Accounts on behalf of the Council in accordance with the Accounts & Audit Regulations 2003.

**RESOLVED** (unanimously) – that: -

- (a) the Statement of Accounts be approved in accordance with the Accounts & Audit Regulations 2003;
- (b) movements on reserves be agreed as set out in Appendix C, to the report including that in respect of the Capital Reserve, subject to amendment to reflect any changes between provisional outturn and final outturn;

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- (c) **the methods of financing capital expenditure for 2005-06 as set out in Appendix E to the report be approved; and**
- (d) **capitalisation of revenue expenditure as set out in paragraph 6 of the report be approved.**

**4. ANNUAL AUDIT AND INSPECTION LETTER 2004 / 05**

The Deputy Chief Executive and Director of Finance submitted the Annual Audit and Inspection Letter from Darren Wells, the Council's District Auditor and Relationship Manager. Darren Wells was in attendance at the meeting. He presented his report and answered questions from members.

Overall, the Audit Commission had judged the Council to be 'performing well' in its use of resources, scoring 3 out of 4. They had given an unqualified opinion on the Council's accounts on 31 October 2005. They concluded that the Council's overall corporate governance arrangements were satisfactory. They had not identified any significant weaknesses in the overall control framework. However, ongoing difficulties with the new Agresso financial system gave cause for concern. The Council's arrangements to ensure its financial standing were sound. The collection rate for council tax remained in the bottom quartile.

The report identified key actions for the Council.

**RESOLVED – that the Annual Audit and Inspection Letter 2004 / 05 be noted and the actions identified in the report be taken, as follows: -**

- (1) **implement the recommendations of the cultural services inspection;**
- (2) **continue to address areas of weaker performance such as recycling and housing benefits to improve value for money;**
- (3) **seek an independent assessment of the effectiveness of the management development programme; and**
- (4) **implement the recommendations from the recent BFI report and the use of resources findings.**

**5. DRAFT AUDIT COMMITTEE'S 2005 – 06 REPORT TO COUNCIL**

The Chief Auditor presented a report on the Council's Corporate Governance arrangements as summarised in the Statement Of Assurance on Corporate Governance and Internal Control.

Regulation 4 of the Accounts and Audit Regulations 2003 required Local Authorities to conduct a review at least once a year of the effectiveness of its system of internal control. It also had to publish a statement on internal control each year with the authority's financial statements.

The report set out the review of internal control and assurance gathering process as required by the statute and accompanying guidance. It recommended that the Chief Executive, the Deputy Chief Executive and Director of Finance, and the Leader of the

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Council sign the Statement of Assurance on Corporate Governance and Internal Control Systems.

**RESOLVED – that the Audit Committee’s Annual Report to Council 2005-06 be approved subject to the addition of a line in the report about the recommendations of Audit Committee in respect of the Recycling Improvement Project overspend..**

**6. DRAFT STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE AND INTERNAL CONTROL**

The Chief Auditor reported on arrangements to ensure that the Council’s business was conducted in accordance with the law and proper standards. Also that public money and assets were safeguarded, properly accounted for, and used economically, efficiently, and effectively. The report also detailed the system of internal control facilitating the effective exercise of the Council’s functions, including arrangements for the management of risk.

**RESOLVED – that: -**

- (1) the Statement Of Assurance on Corporate Governance and Internal Control 2005-06 be approved;**
- (2) the Leader, Chief Executive, and Deputy Chief Executive sign the Statement Of Assurance on Corporate Governance and Internal Control; and**
- (3) the Statement Of Assurance on Corporate Governance and Internal Control is included in the Financial Statements as required by the Accounts and Audit Regulations 2003.**

**7. AUDIT COMMISSION AUDIT AND INSPECTION PLAN**

The Chief Auditor, submitted a report on the audit and inspection arrangements proposed by the Audit Commission for 2006 / 07. Darren Wells, the Council’s District Auditor and Relationship Manager, was in attendance at the meeting. He presented his report and answered questions from members. He also drew attention to the increase in the fees.

**RESOLVED – that the audit and inspection plan proposed to be undertaken by the Audit Commission in 2006 / 07 be approved.**

**8. DRAFT INTERNAL AUDIT PLAN 2006 - 07**

The Chief Auditor, presented the internal audit plan for 2006 - 07. The Plan outlined the financial systems and risk reviews that Audit Services would be working on during the current financial year. There was also a supplementary list of work they hoped to carry out, if time permitted.

**RESOLVED – that the Audit plan 2006 – 07 be approved.**

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**9. CPA IMPROVEMENT PLAN CONCLUSION**

The Policy and Performance Manager submitted a report on progress made in respect of areas of weakness or areas in need of improvement as set out in the Comprehensive Performance Assessment (CPA) Improvement Plan. The report proposed a way for future monitoring of outstanding issues.

Significant progress had been made, and actions had been scored on the RAG (Red, Amber Green) scale. To achieve 'Green' actions had to be completed and embedded within the organisation. 85% (49) of actions were now 'Green'. There were no 'Red' actions. The remaining 15% (9) Amber actions in the main required further embedding rather than completion. In the interests of reducing bureaucracy, it was proposed that these activities be subsumed into existing council plans, such as the Local Performance Plan (LPP) and service delivery plans, instead of continuing with a separate CPA Improvement Plan.

A final, updated version of the CPA Improvement Plan was appended to the report. It showed how continued monitoring of Amber items would be achieved.

**RESOLVED – that: -**

- (1) the CPA Improvement Plan be considered concluded; and**
- (2) any remaining 'Amber' items be progressed and monitored via alternative monitoring processes.**

The members of the Audit Committee were informed that this was the last meeting to be attended by Eileen Masters who was retiring as Chief Auditor. The Committee thanked her for her work during the past years and extended their best wishes for her retirement.

(The Chair declared the meeting closed at 7.25 pm)