

## Audit Committee



Date	Thursday 27 September 2007
Venue	Town Hall, Lytham St Annes
Committee members	John Coombes, Fabian Wilson (substitute for Simon Renwick), Paul Rigby, Keith Hyde, John Singleton, Kathleen Harper, Elizabeth Oades and Louis Rigby
Other Councillors	
Officers	Phillip Woodward, Brian White, Savile Sykes and Tracy Scholes
Others	Audit Commission

### 1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

Councillor Fabian Wilson declared a personal interest in the part of the Interim Internal Audit Report relating to special investigations.

### 2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 26 July 2007 as a correct record for signature by the chairman subject to the minutes correctly reflecting the attendance of Councillor Paul Rigby at the previous meeting.

### 3. Substitute members

Councillor Fabian Wilson substituted for Councillor Simon Renwick.

### 4. Annual Governance Report

Mike Tye of the Audit Commission was in attendance at the meeting and presented the Commission's report on Annual Governance (this report was not circulated with the agenda but was hand delivered to Audit Committee members and posted on the internet for other members information).

The key messages contained within the report were that despite missing the deadline for producing the 2006/07 statement of accounts by almost four weeks that thanks to time and effort devoted by both the Audit Commission and the Council it was anticipated that an unqualified audit opinion would be issued.

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In addition, the Statement on Internal Control had been prepared in accordance with proper practice specified by CIPFA and was consistent with the findings of the audit and an unqualified conclusion on the use of resources would also be issued.

The Governance report also contained a proposed list of recommended actions that the council needed to put into place.

RESOLVED That the Annual Governance Report be accepted and the Action Plan be agreed with the Audit Commission and an updated report be brought back to the next meeting with the Action Plan being populated with target dates to achieve the improvements recommended by the Audit Commission.

### 5. Fylde Borough Council - IT Risk Assessment

The Audit Commission presented its report on IT. It was a requirement for the Audit Commission to gain an understanding of the Council's IT environment and the impact that this was to have on the information systems used for financial reporting. These included general controls over data centres, network operations, system software acquisition, change and maintenance, access security and application system acquisition, development and maintenance.

Members felt that in relation to disaster recovery that it was key to ensuring that shared services were developed with other councils to ensure continuity of service.

RESOLVED: (i) That the report on IT Risk Assessment be accepted and the Action Plan as attached in the report be agreed.

(ii) That a further report be brought back in due course showing progress against the agreed target dates within the Action Plan.

### 6. Statement of Accounts

Brian White (Finance Executive Manager) presented a report that provided a review of the accountancy section and the production of the Statement of Accounts.

The report highlighted that the accountancy section had a number of challenges including the implementation of new financial systems, recent staff turnover rates and recent long-term senior staff absences. Despite these difficulties the team had worked extremely hard, undertaking over-time over several week-ends, to ensure that the statement of accounts was produced.

However, the recent resignation of Brian White, Finance Executive Manager, needed to be addressed as a matter of urgency. Together with the other staff turnover and retention difficulties within the Finance Team it was considered that this presented the ideal opportunity to further partnership working with another council.

It was reported that some discussions had been held with Blackpool and Wyre Councils and that in the longer term joint working was a possibility, although both Blackpool and Wyre Councils were unable to provide assistance in the short term. However, initial discussions with Preston Council were looking positive in terms of joint working possibilities.

A copy of Mr. White's full report on this matter was included within the agenda papers.

RESOLVED:

1. That the offer of appointment to two internal candidates within the Accountancy Section be noted.
2. That members note the ongoing discussions with other local authorities about partnership working in the Finance Business Unit.
3. That members recommend to Cabinet the appointment of an interim accountant for a period of 8 months at an approximate total cost of £28,000 (£17500 in the current year and £10,500 next year).
4. Those members seek update and review on the position in the Accountancy Section in six months times.
5. That the Chief Executive is requested to pass on the Audit Committee's thanks and appreciation to the work of the accountancy section in meeting the deadlines to close the accounts and deliver the service during a difficult period.
7. Follow Up Reports 2006-07 (Update)

Savile Sykes (Head of Internal Audit) presented the updates on the follow up reports. At the meeting in June 2007 the committee considered the Internal Audit Annual Report for 2006/07. Mr Sykes was requested to remind managers of the recommendations they had agreed to implement and to provide a further report outlining the number of recommendation still outstanding. The report detailed the current position.

The Committee RESOLVED To note the report and report back to the Audit's Committee's next meeting to ensure that all high and medium priority recommendations are either implemented or an implementation date agreed to the satisfaction of the Audit Manager.

8. Use of Resources Action Plan Update

Phil Woodward (Chief Executive) presented a progress report against the action plan adopted in response to the 2007 Use of Resource Report. The report also detailed progress made against the improvement actions identified from the 2006/07 Audit and Inspection letter.

The Committee were happy with the progress being achieved and sought further updates at future meetings. The Chairman suggested that in future reports an additional column be included within the Actions Plans indicating progress to date.

The Committee RESOLVED to note the progress made against the action plan.

9. Internal Audit Interim Report 2007/08

Savile Sykes (Head of Internal Audit) presented a report that summarised the work undertaken by internal audit from April 2007 to September 2007 and performance information from the same period.

Following consideration the Committee RESOLVED (i) That the report be noted and that an update be brought to a future meeting of the Committee outlining revised target dates for any outstanding actions, in particular the Purchase Card audit.

10. Exclusion of the Public

RESOLVED To exclude members of the public in relation to the special investigations part of the Internal Audit Report on the grounds that it was likely that information would be discussed which would relate to an individual and/or such information would be likely to reveal the identity of the individual.

9. Internal Audit Interim Report 2007/08

RESOLVED That a report be brought back in due course outlining the findings of the hearing and drawing the attention of the Audit Committee to any supplemental control measures which need to be addressed as a result of this issue

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