

Audit Committee



Date	Thursday 28 February 2008
Venue	Kirkham Council Chamber, Kirkham
Committee members	Councillor John Singleton (Chairman) John Coombes, Kathleen Harper, Paul Rigby, Elizabeth Oades Louis Rigby, Fabian C. Wilson
Other Councillors	Keith Beckett, Lyndsay Greening, Peter Hardy, Ken Hopwood, Linda Nulty, Barbara Pagett.
Officers	Savile Sykes and Peter Welsh

Prior to the start of the meeting, Councillor Louis Rigby was nominated to act as Vice-Chair for the duration of this meeting.

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.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 10 January 2008 as a correct record for signature by the chairman.

3. Substitute members

The following substitutions were reported under council procedure rule 22.3:

Councillor Fabian Craig-Wilson for Councillor Keith Hyde.

4. Best Value Performance Plan - Statutory Audit Report 2007/2008

Savile Sykes (Head of Internal Audit) presented the report and informed members that under the Local Government Act 1999 the Council was obliged to prepare and publish an annual Best Value Performance Plan (BVPP) setting out the Council's assessment of its performance and showing how the objective of achieving continuous improvement had been addressed.

The Council had received an unqualified statutory audit report on the Best Value Performance Plan for 2007/08. The auditors' formal opinion was included with the report and confirmed that the BVPP had been prepared in accordance with the Local Government Act 1999 and the statutory guidance issued by the government.

The requirement for all English authorities to produce BVPPs would be removed with effect from 1 April 2008. Therefore the last BVPP required was the one published by the Council

in June 2007.

The committee RESOLVED to note and receive the Statutory Audit Report on the Council's Best Value Performance Plan 2007/08.

5. Code of Corporate Governance

Savile Sykes (Head of Internal Audit) presented the report which informed members of the requirement to develop and maintain a Local Code of Corporate Governance and publish an Annual Governance Statement. SOLACE and CIPFA had updated their previous guidance and requirements for what should be included within the Code of Corporate Governance.

The new CIPFA SOLACE Framework identified the following 6 core principles that underpinned a council's system of governance:

- Focussing on the purpose of the authority and on outcomes for the community, including citizens and service users, and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust local public accountability.

A Corporate Governance Group comprising of key senior officers had been established to oversee the writing of the local Fylde Code. The Group would also take responsibility for the annual assurance process by conducting the detailed annual self-assessment against the CIPFA SOLACE checklist. In addition, the group would require Executive Managers to provide assurance statements relevant to their own areas of responsibility as part of the process.

It was envisaged that the draft local Code of Corporate Governance would be brought to the next meeting of the Audit Committee for approval.

The Corporate Governance Group would review the draft Annual Governance Statement prior to signature by the Leader and Chief Executive.

The Audit Committee would review and approve the draft Statement prior to publication but more importantly would retain responsibility for reviewing the adequacy and effectiveness of the Council's overall governance arrangements.

The committee RESOLVED to note the requirement to develop and maintain a Local Code of Corporate Governance and approved the framework for the production of the Annual Governance Statement

6. Follow Up Reports 2007-08 (Update)

Savile Sykes (Head of Internal Audit) presented the updates on the follow up reports.

At previous meetings of the committee the Head of Internal Audit had reported on outstanding actions from follow up reviews carried out in 2006/07 and during the first half of 2007/08.

The overall annual rate of implementation for 2006/07 follow ups now stood at 77% compared to the original figure of 63%. The rate of implementation for high and medium recommendations had now increased from 64% to 91%. In both cases these were the highest levels achieved since this figure was first monitored.

Details of outstanding issues for 2007/08 and revised implementation dates in respect of purchasing cards, business rates and council tax reconciliation, payroll, IT Pericles software review and licensing issues were noted.

Following consideration the committee RESOLVED-

1. To note the situation with regard to follow up reviews completed in 2006/07, and further note that the few remaining issues will either be picked up by current reviews or will become obsolete.
2. That in the event of any long outstanding issues not being implemented prior to the next meeting the Chief Executive be informed of the committee's concerns.
3. That the implementation target rate for audit recommendations be established at 95%.
4. To note the latest position with regard to follow up reviews completed to date during 2007/08 and seek a further update in due course.
5. That the reconciliations between CTax/NNDR and main accounting be reinstated and maintained thereafter on a quarterly basis as a minimum.

7. Statement on Internal Control 2007/08

Savile Sykes (Head of Internal Audit) presented the report and informed members that the Audit Committee had adopted the Statement of Internal Control (SIC) and was charged with monitoring the progress in fulfilling the action plan. (This obligation would be replaced from 2008/09 with the arrangements for an Annual Governance Statement).

Members expressed concern on the lack of progress on the implementation of the central recording of complaints however it was noted that staffing and financial resources placed constraints on the implementation of a centralised system. Members also expressed concern on the lack of an 'in-house' system for the recording of complaints.

Following a full debate it was RESOLVED:-

1. That the latest position with regard to each of the issues currently included on the Statement on Internal Control 2007/08 be noted.
2. That the Chief Executive be advised of the committee's concerns on the lack of progress on the implementation of the central recording of complaints.
3. That officers look into the introduction of an 'in-house' monitoring system for the recording of complaints.
4. That officers investigate the ways an excellent performing local authority deals with the central recording of complaints and report back to a future meeting of the committee.
5. That resource issues need to be addressed in respect of the introduction of the complaints procedure.
6. That the financial constraints and resource issues currently facing the accountancy section be noted.

7. That following the implementation of a revised service level agreement for financial services the committee be advised of the detailed arrangements.

8. Whistleblowing Policy

Savile Sykes (Head of Internal Audit) informed the committee that a review of the Whistleblowing Policy had been carried out against a background of the wish of members expressed at the January meeting of the Audit Committee to ensure the policy remained functional and robust; the fact that the current Whistleblowing Policy had not been reviewed by members since it was approved; the requirement in the Audit Commission's Indicators for Key Use of Resources as part of the Comprehensive Performance Assessment process to review the effectiveness of the whistleblowing arrangements and to ensure the council's commitment to providing support to whistleblowers was demonstrated.

The committee RESOLVED to approve and recommend the adoption of the revised Whistleblowing Policy for further consultation.

9. Anti-Fraud & Corruption Policy and Strategy

Savile Sykes (Head of Internal Audit) informed the committee that the existing anti-fraud & corruption framework had been developed and amended over a number of years and it was now timely to refresh and restate the Council's overall approach. Consequently the new policy and strategy replaced the current Anti-Fraud & Corruption Policy and the associated Fraud Response Plan, both adopted in 2003.

The review of the Anti-Fraud & Corruption Policy and Strategy has been carried out against a background of the wish of members expressed at the January meeting of the Audit Committee to ensure the policy remains functional and robust; the fact that the current policy and strategy have not been reviewed by members since they were approved; the requirement in the Audit Commission's Indicators for Key Use of Resources as part of the Comprehensive Performance Assessment process to demonstrate a strong counter fraud culture.

The committee RESOLVED to approve the new Anti-Fraud & Corruption Policy and Strategy detailed in the report for further consultation.