

Audit Committee



Date	Tuesday, 29 Sept 2009
Venue	Town Hall, St. Annes
Committee members	Councillor John Singleton (Chairman) Councillor Linda Nulty (Vice-Chairman) Councillors Ben Aitken, Christine Akeroyd, Angela Jacques, Keith Hyde, Janine Owen, Louis Rigby and Heather Speak
Other Councillors	None
Officers	Tracy Scholes, Joanna Scott, Savile Sykes, Peter Welsh
Other Attendees	Jillian Burrows KPMG, Ian Leviston KPMG.

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 25 & 30 June 2009 as correct record for signature by the chairman.

3. Substitute members

The following substitution was reported under council procedure rule 22.3:

Councillor Christine Akeroyd for Councillor Fabian Craig Wilson.

Councillor Angela Jacques for Councillor Paul Rigby.

Councillor Heather Speak for Councillor Elizabeth Oades.

4. Report to Those Charged With Governance (ISA 260 Incorporating The Use of Resources Score

Gillian Burrows and Ian Leviston of KPMG were in attendance at the meeting and presented the report.

The report summarised the key issues identified during the audit of the Council's Financial Statements for the year ended 31 March 2009. In addition the report summarised the assessment of the Council's arrangements to secure Value for Money and Use of Resources. The Use of Resources framework assessed local authorities against three themes; Managing Finances, Governing the Business and Managing Resources and Fylde had been assessed as performing adequately against these themes. Work on the 2008/09 financial statements had almost been completed and it was noted that there had been an improvement in the quality of the accounts and supporting working papers and the finance team were thanked for their valued contribution.

Following discussion and following a recorded vote, it was RESOLVED to note the report and the Use of Resources and Scores contained therein and that a progress report be submitted to the Audit meeting in April 2010.

At the conclusion of the debate the Chairman signed the 'Declaration of Independence and Objectivity Declaration' and the 'Management Representation Letter'.

Votes for the resolution (9): Councillors Ben Aitken, Christine Akeroyd, Angela Jacques, Keith Hyde, Linda Nulty, Janine Owen, Louis Rigby, John Singleton and Heather Speak

Votes against the resolution (0)

Abstentions (0)

(Councillors Nulty and Speak requested that their names be recorded as having voted against the request to have a recorded vote).

5. Review of Financial Planning and Management

Tracy Scholes (Governance & Partnerships Director) presented the report on the review of financial planning and management.

At the meeting of the Audit Committee held on 25 June 2009, Richard Foster of KPMG, presented the findings of a report in which financial planning and management arrangements had been examined. It was agreed, at the June meeting that Officers would agree appropriate actions with KPMG in light of the findings of the report with a view to translating these into an Action Plan. (A copy of the action plan was attached to the report).

Some of the actions contained within the plan were being implemented by the finance team but other issues were of a corporate nature the responsibility of which fell to the Chief Executive or members of the Management Team.

Following discussion it was RESOLVED to note the report and action plan (as amended) and that a progress report be submitted to the Audit meeting in April 2010.

6. Project Progress Update - New International Financial Reporting Standards (IFRS)

Joanna Scott (Deputy Section 151 Officer) presented the report which informed the Committee on the project progress made to the end of August 2009 in relation to the introduction of a new financial reporting framework, whereby the accounts for local authorities would be prepared under International Financial Reporting Standards (IFRS), with effect from 2010/11 (1/4/2010).

The report provided an update on the background to the introduction of IFRS and summarised the key issues and main areas of the review that would be required in order to ensure that the Council was fully compliant with IFRS for the year ending 31st March 2011.

Following discussion it was RESOLVED to note the project progress on the implementation of the IFRS project and that a progress report be submitted to the Audit meeting in April 2010.

7. Corporate Governance Improvement Plan 2009/10

Tracy Scholes (Governance & Partnerships Director) presented the report which provided an update on the corporate governance improvement plan.

The Annual Governance Statement for the year ended 31 March 2009, together with its associated improvement actions, was adopted by the Committee at its meeting on 25 June 2009. The responsibility for keeping the Corporate Governance Improvement Plan under review falls to the Audit Committee.

This interim report provided the progress made so far in implementing the various actions to achieve improved corporate governance during 2009/10 and indicated areas where agreed actions had yet to be completed.

Following consideration it was RESOLVED that the latest position with regard to each of the issues included on the Corporate Governance Improvement Plan 2009/10 be noted (as amended) and that a progress report be submitted to the Audit meeting in April 2010.

7. Effectiveness of Internal Audit

Savile Sykes (Head of Internal Audit) presented the report. The internal audit function was considered to be a key indicator in providing assurance on internal control. A review of internal audit effectiveness was required as part of satisfying the overall governance arrangements in local authorities and supported the Council's Annual Governance Statement. The report presented the findings of a self assessment exercise in relation to the effectiveness of internal audit and made certain recommendations for improvement.

Following consideration of the report it was RESOLVED:

1. To note the findings of the review on the effectiveness of internal audit and confirm the conclusion that there is substantial compliance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.
2. To approve the enhancements to internal audit arrangements outlined in the action plan arising from the review.
3. To approve a reciprocal arrangement with the Audit Manager of Wyre BC whereby each Council's self assessment exercise is subject to external review during 2009/2010.
4. That following the implementation of the action plan and the external review of effectiveness a further report will be prepared for the consideration of the Audit Committee.

9. Follow Up Reports 2008-09 (Update)

Savile Sykes (Head of Internal Audit) presented the report and informed members that at its meeting in June 2009 the committee had considered the Internal Audit Annual Report for 2008/09. The Head of Internal Audit was requested provide a further report outlining the number of recommendations still outstanding.

A total of 35 agreed recommendations were reported as outstanding in the Internal Audit Annual Report. One was no longer applicable following changes in service delivery. Of the remaining 34 a total of 5 had now been implemented of which all of the high priority recommendations had been signed-off.

An Audit Reports Protocol was currently being developed in an attempt to address the problems of non-implementation of agreed audit recommendations. It would establish precisely how the reports process was expected to work, clearly set a timetable for management action and include further initiatives to encourage implementation, such as limiting the number of target date changes to one and establishing a clear escalation procedure to the highest levels of management and ultimately to Audit Committee.

Following consideration it was RESOLVED that the latest position with regard to each of the agreed internal audit recommendations not implemented by management arising from follow up work in 2008-09 be noted and that the Chairman and Vice Chairman be provided with details of outstanding recommendations from 2007/08 together with details of those recommendations that were still outstanding after 12 months.

10. Audit Committee Work Plan 2009-10

Details of the updated work plan for the Audit Committee during 2009-10 were circulated to members of the Audit committee.

Following discussion it was RESOLVED to approve the proposed work plan (as amended) for 2009/10.

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