

## Audit Committee



Date	Thursday 30 <sup>th</sup> April 2009
Venue	Town Hall, St. Annes
Committee members	Councillor John Singleton (Chairman) Councillor Linda Nulty (Vice Chairman) Councillors Ben Aitken, Fabian Craig-Wilson, Cheryl Little, Ken Hopwood, Keith Hyde, Louis Rigby
Other Councillors	
Officers	Phil Woodward, Dave Joy, Bernard Hayes, Savile Sykes, Andrew Marriott, Hazel Wood
Other Attendees	Tom Keena, Richard Foster

### 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 29<sup>th</sup> January 2009 as a correct record for signature by the chairman.

### 3. Substitute members

The following substitutions were reported under council procedure rule 22.3:

Councillor Ken Hopwood for Councillor Elizabeth Oades.

### 4. Annual Audit and Inspection Letter 2007/08

Tom Keena (Audit Commission) introduced the report on the Annual Audit and Inspection letter which outlined the Council's general performance during the previous year. He also gave the committee an overview on the Council's overall performance during the CPA inspection.

Richard Foster (KPMG) presented the use of resources assessment 2007/08 which was attached as an appendix to the report. He explained the detailed findings relating to Financial Reporting, Financial management, Financial standing, Internal control and Value for money.

Following discussion the Committee RESOLVED:

1. That the Chief Executive, the Section 151 Officer and the Council's Management Team be requested to provide a summarised report on work undertaken and proposed in response to the Audit and Inspection Letter at the Audit committee meeting on 25<sup>th</sup> June 2009.
2. That KPMG report back on the Use of Resources at the September meeting of the Audit Committee.

#### 5. New International Financial Reporting Standards (IFRS)

Bernard Hayes (Finance Director and Section 151 Officer) briefed the committee on the progress made in relation to the introduction of the new financial reporting framework, whereby the accounts for local authorities would be prepared under International Financial Reporting Standards (IFRS), with effect from 2010/11.

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 31<sup>st</sup> March 2011.

Members raised a number of questions regarding the quarterly expenditure reports and Mr Hayes provided details of the current position.

Following discussion the Committee RESOLVED:

1. To note the New International Financial Reporting Standards (IFRS) Report and a detailed plan for implementation to be reported back to the committee in January 2010.
2. That the Section 151 Officer present the Financial Outturn report for 2008/09 to the meeting of the Audit Committee on 25<sup>th</sup> June.

#### 6. IT Risk Assessment Action Plan

Andrew Marriott (IT Manager) introduced the report which provided the committee with a progress update against the IT Risk Assessment Action Plan produced in 2007. The report had been produced at the request of the committee. Details of events and changes in the IT service area over the last 12 months was also included in the report which provided members with a comprehensive understanding of the current challenges.

Following discussion the Committee RESOLVED:

1. That the committee recognise the actions taken to address the recommendations raised by the Risk Assessment Audit and sign off the plan as completed with exception of R5 which would be ongoing until September 2009.
2. That the committee review progress against item R5 of the IT Risk Assessment Action Plan at the Audit committee meeting in January 2010.

#### 7. KPMG 2008 Audits - Updates

Dave Joy (Deputy Chief Executive) presented the report on the progress to date in responding to recommendations from KPMG following audits undertaken in 2008.

RESOLVED: To note the progress made in response to the recommendations of KPMG following audits in 2008 and to review the outstanding recommendations at the September Audit committee meeting.

## 8. Corporate Governance - Improvement Plan 2008/09

Dave Joy (Deputy Chief Executive) introduced an update on all the issues currently included in the Corporate Governance Improvement Plan 2008/09 as detailed in the report.

Following discussion the Committee RESOLVED:

1. To note the latest position with regard to each of the issues currently included on the Corporate Governance Improvement Plan 2008/09.
2. To express their concern about the non-implementation of AGS1 but recognise the on-going work on this matter and the proposed consideration and monitoring of this matter by the Performance Improvement Scrutiny Committee in July 2009.

## 9. Internal Audit Strategy

Savile Sykes (Head of internal Audit) gave the committee an overview of the report on the councils proposed Internal Audit strategy.

The strategy included the following sections:

- ♦ Criteria for Determining the Audit Opinion
- ♦ Strategic Aims
- ♦ Competency and Planning
- ♦ Approach
- ♦ Use of Resources
- ♦ Information and Communication Technology
- ♦ Special Investigations
- ♦ Partnerships
- ♦ Relationships
- ♦ Independence
- ♦ Method of Service Provision
- ♦ Skills and Resource Requirements
- ♦ Reporting
- ♦ Quality Assurance
- ♦ Review of Effectiveness

RESOLVED: That the Internal Audit Strategy be approved.

## 10. Internal Audit Plan

Savile Sykes (Head of internal Audit) presented the report which referred to the terms of reference for the Audit Committee which included approving but not directing internal audit's plan. The report outlined the Internal Audit Plan for the financial year 2009/10 and briefly described the methodology used in its production.

RESOLVED: That the Annual Internal Audit Plan 2009-10 be approved.

#### 11. Audit Committee Work Plan 2009-10

Dave Joy (Deputy Chief Executive) outlined to the committee the proposed work plan for the Audit Committee during 2009-10. During discussion on this item the Vice Chair raised for consideration the report circulated to Members of the Committee in relation to the financial circumstances experienced by the Streetscene Business Unit during 2007/08. The work plan covered the annual cycle of governance work and the key dates for receipt and consideration of statutory documents which were contained within the terms of reference of the Audit Committee.

Following discussion the Committee RESOLVED: To approve the proposed work plan for 2009/10 and to agree that the work plan be considered as a regular agenda item at future meetings of the committee.

#### 12. Effectiveness of the Audit Committee

Savile Sykes (Head of internal Audit) presented the report which highlighted the need for reviewing the effectiveness of the Audit Committee by comparing existing arrangements with those advocated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their published advice.

Following discussion the Committee RESOLVED:

1. That the Chairman and Vice Chairman undertake an initial self assessment of the Audit Committee against the checklist provided by the CIPFA.
2. That the self assessment be reported to the next meeting of the Audit committee with recommendations for any improvements.
3. That the self assessment be undertaken thereafter on an annual basis.

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