

MINUTES OF A MEETING OF THE AUDIT PANEL HELD ON 12 JANUARY 2006

Present:

Panel Members:

Councillors: Alan Farnell (in the Chair)
Sarah Boad
Bob Stevens

Officers: Jim Graham – Chief Executive
David Carter – County Solicitor & Assistant Chief Executive
Andrew Lovegrove – Group Accountant
Joanna Rhodes, Head of Financial Management
Garry Rollason, Audit Services Manager
Dave Stenning, Head of People, Performance and Governance
Janet Purcell - Member Services Manager

Auditors:

Stephen Lappage – PriceWaterhouseCoopers Manager
Tony Parks – Audit Commission
Martin Ablit – Audit Commission

1. General

(1) Apologies for absence

An apology for absence was submitted on behalf of the Chair, John Bridgeman.

(2) Members' Declarations of Personal and Prejudicial Interests

Councillor Sarah Boad declared a personal interest as a contributing member of the Pension Fund.

(3) Minutes of the meeting held on 14 October 2005.

Resolved

That, subject to clarification that Councillor Sarah Boad's personal interest relates to her being a contributing member of the pension fund, not a board member, the minutes of the meeting held on 14 October 2005 be agreed as a correct record.

2. 2004/05 Joint Audit and Inspection Letter.

The Chair, welcomed Tony Parks and Martin Ablit to their first meeting as the Council's new auditors.

Stephen Lappage and Tony Parks presented the 2004/05 Joint Audit and Inspection Letter and drew attention to the key messages.

Tony Parks referred to the Council's Comprehensive Performance Assessment scorecard and Direction of Travel summary published on 15 December, which scored the Council as a three star authority, which is 'improving adequately'. (During discussion it was noted that only 3 authorities in the country had achieved a score of 4).

The Panel noted the position on each element of the scorecard, all of which scored 3 out of 4 except for social care (adults), which had been assessed at 2. The positive results included those in the 'Use of Resources' category with the only low score of 2 being in the sub category of 'financial standing' where the report commented that the Council needs to ensure there are no significant unexpected departmental variances and that further work is required on monitoring the associated costs of action to recover bad debts. Officers assured the panel that work was being undertaken in this area and was being scrutinised by the Council's Corporate Services Overview and Scrutiny Committee.

The Panel discussed the difficulty that the new CPA approach presented for the Council in relation to the Social Care (adults) category, which had been reported as not showing 'consistent or sufficiently rapid improvement'. Jim Graham stressed that the rate of improvement in this area would not be the same as for others and that, under the current approach, it would be difficult to demonstrate improvements were embedded. He added that representations had been made to CSCI consultants but that he would welcome the auditors taking back this view to the Audit Commission.

Stephen Lappage reported on the accounts and governance section of the audit letter, highlighting that the process for the preparation of accounts had continued to improve and that the Council had received an unqualified audit opinion of the Council's Statement of Accounts. The Council has also continued to make good progress in preparing for the additional disclosures required for group accounting. He drew attention to the following areas:

- The projected net overspend and the action being taken to get this under control.
- The continued monitoring by the council of the potential impact of a pension fund deficit in the assumptions on pension contributions made in the Medium Term Financial Strategy.

- Internal Audit needs to ensure it achieves full compliance with the CIPFA Code of Practice in respect of the coverage and assurance given in respect of non-financial systems.
- The need to ensure the revised management and monitoring arrangements for the Highways Partnership agreement are successful and the benefits expected from the arrangements delivered.

The Panel noted the specific areas of work undertaken by the auditors and referred to in the performance management section of the report, commenting in particular on the review of school admission appeals. The auditors had reviewed this as the level of appeals was high compared to other authorities and the percentage decided in the parent's favour compared unfavourably with the national average for 2003/04. The audit had not been able to identify any specific reasons for this and the process for appeals (in terms of timeliness and information) had been rated good or excellent by parents. It was noted that the level of appeals could be seen as a positive indicator of parents exercising their rights to a choice of school.

The Panel concluded that the Joint Audit and Inspection Letter be referred to Cabinet on 2 February and noted that further reports would be presented by the Tony Parks and colleagues from the Audit Commission as the Council's new auditors.

The Chair thanked Stephen Lappage for his work for the Council and requested that their appreciation be passed on to his colleagues.

Resolved

That the 2004/05 Joint Audit and Inspection Letter be noted and forwarded to the Cabinet for consideration at its meeting on 2 February 2006.

3. Next Meeting

The Panel agreed a provisional date of 25 May 2006, 3.00 pm or on the rising of Cabinet if Cabinet continues beyond 3.00 pm.

The meeting ended at 4.00 p.m.

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Chair