

The **AUDIT AND STANDARDS COMMITTEE** met at **WARWICK** on the **25th SEPTEMBER 2006**.

Present: -

Independent Member

John Bridgeman (Chair)

County Councillors

Sarah Boad

Les Caborn

Tim Naylor

Bob Stevens

John Vereker

Officers

David Carter, Strategic Director of Performance and Development.

David Clarke, Strategic Director of Resources

John Cotterill, District Auditor, Audit Commission.

Jean Hardwick, Principal Committee Administrator, Performance and Development Directorate

Andrew Lovegrove, Group Accountant, Resources Directorate.

Greta Needham, Head of Law and Governance, Performance and Development Directorate.

Tony Parks, Audit Manager, Audit Commission.

Gary Rollason, Audit and Risk Manager, Performance and Development Directorate.

Oliver Winters, Head of Finance, Resources Directorate.

Also present : Richard King (Consultant)

1. General

(1) Apologies for Absence

Apologies for absence were received from Mark McGowan and Councillor Mick Jones.

(2) Members Declarations of Personal and Prejudicial Interests

Declarations of interest were declared as follows –

- (a) Councillors Sarah Boad, Les Caborn, Tim Naylor, Bob Stevens and John Vereker declared personal interests in agenda item 2 as Members of the Pension Fund;
- (b) Councillor Sarah Boad also declared an interest in item 2 because her husband was a Member of the Supporting People Board.

(3) Minutes of the meeting of the Audit and Standards Committee held on 5 June 2006.

The minutes of the meeting of the Audit and Standards Committee held on 5 June 2006 were agreed as a correct record and signed by the Chair.

2. External Auditors Annual Governance Report

John Cottrill presented the external Auditors Annual Governance report and –

- Said that the 2005/06 year had been a challenging period during which a new Code of Practice had been introduced requiring value for money to be included in securing economy, efficiency and effectiveness in the use of the County Council resources.
- Paid tribute to County Council officers on their co-operation and assistance in the production of the Governance report particularly when the timetable had been brought forward one month.
- Said that there were no significant issues that Members needed to be concerned about.

He then drew the Committee's attention to the following issues –

- (1) The asset value of the Pension Fund being understated which stemmed from actual market movements since the date of the FRS 17 calculation by the actuary. A note to that effect would be attached to the Statement of Accounts to address this issue.
- (2) The quality of the closedown working papers was generally of a high standard but there was room for improvement by some departments.
- (3) The need to improve qualitative aspects of accounting practices and financial reporting.
- (4) There were only minor issues relating to weaknesses in internal control identified during the audit and these had been reported to management.
- (5) There was a new requirement in the Code of Practice for a Letter of Representation from management to acknowledge responsibility for the financial statements. The letter should be signed by both the responsible officer and responsible member. He suggested that it might be more appropriate for the Letter to be signed by the Leader of the Council as opposed to the Chair of the Committee.

During discussion the following comments were noted –

- (1) Letter of Representation – the Chair undertook to discuss this with the Leader of the Council, as the wording of the Letter was more appropriate for an officer to sign that the Leader of the Council.

- (2) Internal control – it was noted that this concern related to only minor incidents which were being addressed by officers.
- (3) Internal Audit – Tony Parks indicated that a detailed review of internal audit work identified only two minor non-compliances with the Cipfa Code and one of these, relating to the need to move to a fully risk based plan, had been implemented for 2006/07. External auditors had worked closely with internal audit and had been able to rely on their work.
- (4) Quality of working papers – it was noted that this was considered to be satisfactory to good but cross-referencing from some departments could be improved. David Clarke reported that his officers would be visiting the London Borough of Greenwich, as that authority have been given as an example of good practice, to benefit from their working practices. Tony Parks said that his staff would work with County Council officers to ensure that the specific issues were addressed.
- (5) Pension Fund – David Clarke said that he had had extensive discussions on this deficit, which reflected movement in the stock market but did not take account of the movement in liabilities. He added that the value of the pension fund had risen to 89% from 82% the previous year. Members acknowledged that investment markets moved dramatically and accepted the note to the accounts.
- (6) Slippages – the Chair commented that slippages in some instances was commendable if economy was achieved;
- (7) Value for Money - Tony Parks said that the authority was working well, to achieve value for money, in particular, there was positive working with the auditors on monitoring progress made against the supporting people improvement plans.

In reply to a question from the Chair Tony Parks said that he was currently investigating how to assess whether District Audit gave value for money and comments from the Committee and officers would form part of that assessment.

The Committee asked that action points be reviewed to make them measurable whenever possible but in all cases sufficiently explicit that future improvement can be properly assessed.

Resolved that the Committee –

- (1) noted the report and comments as recorded above;
- (2) commend the report to 2 November 2006 Cabinet meeting.

3. External Auditors Letter of Representation 2005/06

The Committee considered the report of the Strategic Director, Resources, this issue having been considered during the previous item, minute 2 above. The Chair invited comments on who would be the appropriate people to sign the letter.

David Clarke advised that the Letter of Representation needed to be signed and returned to the Auditors before the end of September. He added that the text of the letter had been changed from previous years and might not, in its present format, be suitable for signing by both an officer and a member.

Following discussion it was –

Resolved that David Clarke, the Strategic Director, Resources be –

- (1) Authorised to sign the Auditors Letter of Representation;
- (2) Asked to prepare an appropriate letter for the Leader of the Council to sign.

4. Statement of Accounts and Statement on Internal Control 2005/06

Resolved that the Committee noted the report of the Strategic Director, Resources and amended accounts and Statement on Internal Control.

5. Internal Audit Report

Gary Rollason presented the report of the Strategic Director of Performance and Development, which summarised the results of internal audit work carried out in the quarter ended 30 June 2006.

The following points were raised during discussion –

- (1) CRB Checks – concern was expressed about the delay in carrying out CRB checks, which often resulted in people entering employment in advance of the check being carried out. It was agreed that progress in implementing the recommendations from the audit would be reported to a future meeting. David Clarke advised that the DfES had recently issued detailed guidance on CRB checks.
- (2) Gary Rollason responded to questions relating to audit work on orders and payments systems, framework agreements and the standards of Adult Social Care Case Management. Case recording had previously been considered by the Committee and it was proposed that the Director of Adult, Health and Community Service should be invited to attend the next meeting to report on progress.
- (3) Following requests for further information on the audits completed it was agreed that future reports would provide more detail on the issues arising on individual audits as exempt items (purple paper).

Resolved that –

- (1) The results of internal audit work in the period be noted;
- (2) Further reports be requested as follows –
 - (i) CRB checks (see minute (1) above);
 - (ii) Executive Summary of Audits (Exempt item) (to the next meeting);
- (3) the Director of Adult, Health and Community Services be asked to attend the next meeting to report on progress on Adult Social Care case management.

6. Review of Standing Orders

The Committee considered the report of the Strategic Director of Performance and Development, which summarised the outcome of a review of the Council's Financial Standing Orders and proposed amendments that were to be recommended to full Council for approval.

In reply to questions from the Chair David Clarke explained that the proposed amendments, in the main, reflected the structural changes that had occurred as a result of the restructuring the County Council from nine departments to six and to increase the income and asset write off limits, which Strategic Directors could approve from £500 to £1,000. There had been full consultation on the proposals. The Chair advised that copies of the revised Standing Orders should be circulated and made available before the Cabinet meeting.

Resolved that the Committee recommends that the amendments proposed to Financial Standing Orders be reported to Cabinet and then to Council for approval.

7. Programmes and Dates for Future Meetings

Councillor Sarah Boad proposed that future agendas should include Standards items/bulletins and was concerned that only three meeting had been scheduled for the next year when it was usual to hold four meetings a year.

Resolved that –

- (1) the next two meeting be held on -
 - Wednesday 22 November 2006 at 10:00 a.m.
 - Wednesday 21 February 2007 at 10:00 a.m.
- (2) the dates of the following meetings are re-scheduled, in consultation with the Chair, to include a meeting in September.

(3) The Chair be asked to report to the next meeting on the Annual Standards Board Conference.

(4) Standards Board items be included in the agenda for future meetings.

8. Any Other Business

There were no items of other business.

The Committee rose at 11.40 a.m.

.....
Chair of Committee