

The **AUDIT AND STANDARDS COMMITTEE** met at **WARWICK** on **25th September 2007**.

Present :

Independent Member

John Bridgeman CBE(Chair)

County Councillors

Mick Jones

Tim Naylor

John Vereker CBE

Also present:

Councillor John Whitehouse as an observer.

Officers

Performance and Development Directorate

Greta Needham, Head of Law and Governance

Garry Rollason, Audit and Risk Manager

John G Smith, Member Services

Audit Commission

David Rigg, Relationship Manager

Tony Parks, Audit Manager

1. General

(1) Apologies for absence

were received on behalf of Councillors Les Caborn, Bob Stevens and Mr Mark Magowan

(2) Members' Disclosures of Personal and Prejudicial Interests

All Councillors declared a possible personal interest as school governors in respect of the report to be considered entitled "Recognising Good Financial Practice in Schools".

(3) Minutes of the Audit and Standards Committee meeting held on 4 June 2007

It was then Resolved :

That the public Minutes of the Committee's 4th June 2007 meeting be approved.

(4) Matters Arising

Case management and self-audits.

Reference was made to “Matters Arising from the Minutes” recorded in the Minutes of the previous meeting and the undertaking that had been given that a report would be submitted to this meeting on case management and improvements through self-audits.

Greta Needham informed the Committee that the Director of Resources could no be present at this meeting but assured members that the requested report would be available for consideration at its next meeting.

Service Provider and Fees

Following a question from a member, it was explained that a reduction in the audit fee was possible if the external auditor was able to rely heavily on the standard of internal audit work. This was already the case in respect to Warwickshire and this was reflected in the current fee.

In response to a question from a member, the Committee was informed that the provision of external audit was opened to tender every five years.

Members were informed that a report on a revised Audit Plan would be submitted to the Committee’s next meeting.

2. Standards Board Bulletins

The Committee considered a report of the Strategic Director of Performance and Development to which was appended, for information, publications Nos. 34 and 35 issued by the Standards Board.

It was highlighted that the points made in these publications had already been covered in two seminars offered to all County Council members. Standards’ training was under constant review to ensure that it was both relevant and appropriate. It was suggested that training should include actual scenarios and that these might have more impact if they were in the format of a ‘dramatic’ presentation.

Resolved :

That the Standards Board’s publications Nos 34 and 35, as now submitted, be noted

3. External Auditors Annual Governance Report 2006/07

The Committee considered a report of the Strategic Director of Resources on the Audit Commission report outlining matters arising from their audit of the 2006/07 accounts.

David Rigg, the Audit Commission Relationship Manager, informed members that the Council would be granted unqualified certificates in respect of both its accounts and value for money work.

Arising from Appendix 4 to the report now submitted (Management Representation Letter), the Chairman queried the extent to which issues had actually been tested as confirmed in the letter's first paragraph. He stated that the Committee needed to be reassured that this was not just a form of wording but was backed by actual work. He was assured that such work was an important element of the management process.

It was also highlighted that it would be helpful if in future that conclusions and recommendations could be presented in a clearer format.

The Committee particularly noted the highlighted improvements on previous years; expressed pleasure at the report's conclusions and asked that their appreciation be communicated to all that had contributed to this success.

Resolved :

- (1) That the report now submitted be noted
- (2) That a report be submitted on the Council's "Whistle Blowing" policy and its impact.

4. External Auditors Letter of Representation 2006/07

The Committee considered a report of the Strategic Director of Resources presenting a draft Letter of Representation from the Authority to the Audit Commission for 2006/07.

The Chairman highlighted that, as in the previous year, he was unable to sign the Letter of Representation in the format appended to the report submitted as it did not reflect his actual role and responsibilities. He was assured that an appropriate letter would be drafted for signature, possibly by the Leader of the Council.

Resolved :

That the report now submitted be noted and a revised Letter of Representation be drafted for signature.

5. Statement of Accounts and Statement on Internal Control 2006/07

The Committee considered a report of the Strategic Director of Resources outlining the minor changes arising from the final audit of the Statement of Accounts 2006/07 and the Statement on Internal Control.

Members queried the role of the Committee in respect of the County's Superannuation Fund and whether it was subject to scrutiny by a body similar to

this Committee.

Resolved :

- (1) That the report now submitted be noted.
- (2) That a report be submitted to this Committee later in the year, to coincide with its periodic revaluation, on the County's Superannuation Fund.

6. Audit Committee Toolkit

The Committee considered a report of the Strategic Director of Performance and Development summarising compliance with the latest CIPFA guidance on the operation of Audit Committees. It was informed that the Toolkit would be available via the Council's Intranet.

Arising from the areas of focus outlined in Paragraph 5 of the report now submitted, the following points were made in respect of individual areas :

1. It was queried how effectiveness could be assessed and whether there was any check as to whether the Committee's recommendations were implemented.
2. An induction pack was needed for both formal and substitute members of this Committee – it could also have a wider circulation within the Authority to explain the Committee's role. It was suggested that participation in the work of the Committee might be restricted, like members of planning committees, to those who had undertaken appropriate training. It was acknowledged that there might be problems in respect substitute members.
3. No comment.
4. The Strategic Risk Register formed an element of the Internal Control Process. Officers kept the Register under review and members involved with individual services should be involved within that area of work.
5. No comment.
6. Members considered that they were well informed of management procedures for preparing the Authority's annual accounts. However, it was suggested that an explanation of these procedures might be included within the proposed Induction Pack.
7. Members were unclear of the meaning of "major judgements made".
8. No comment.
9. The Local Government Association and the 'Lifting the Burden' Taskforce should be requested to make further representations in respect of the provision of external audit, including the scope of work undertaken and fees charged.

Resolved :

- (1) That the Audit Committee guidance issued by CIPFA be noted.
- (2) That, arising from the points made above :

- Point 1. - A report be submitted to the next meeting of the Committee on means of implementing an annual review of effectiveness, including the possibility of an appropriate input from the Audit Commission.
- Point 2 - Consideration be given to the introduction of an induction pack for members participating in the work of this Committee.
- Point 4 - A report be submitted in respect of members' involvement with the Strategic Risk Register.
- Point 7 - A report be submitted to a future meeting of the Committee proposing a more structured / planned approach to its work.
- Point 9 - A report should be submitted to the next meeting of the Committee in respect of the effectiveness and value for money of external audit provisions.

7. Recognising Good Financial Practice in Schools.

The Committee considered a report of the Strategic Director of Performance and Development proposing more formal recognition and sharing of good financial practice in schools.

Resolved :

- (1) That the formal presentation of FMSIS certificates awarded to schools by the DCFA for good financial practices should be pursued, subject to any presentations being made locally – possibly by local Councillors - rather than in Shire Hall.
- (2) That the Committee endorses proposals, as outlined in the report now submitted, to improve the wider sharing of those practices

8. Exempt Minutes of the meeting held on 4th June 2007

The Committee approved the exempt extract of the minutes held on 4th June 2007 as a correct record and authorised the minutes to be signed by the Chair.

9. Date of Future meetings

The Committee noted that future meetings of the Committee had been arranged as follows :

Monday 19 November 2007 at 10:00 a.m.
 Wednesday 20 February 2008 at 10:00 a.m.

The Committee rose at 11.25am

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 Chair