



AUDIT COMMITTEE

4.30 - 6.30 p.m.

29 January 2009

Present: Councillors S Little (Chair), Driver (Vice-Chair), Collishaw, Makoff, Morpew (substitute for Councillor Brociek-Coulton), Stephenson and Waters

Apologies: Councillors Brociek-Coulton and Divers

Also Present: Andy Perrin and Helen Devlin of the Audit Commission

1. MINUTES

RESOLVED to agree the accuracy of the minutes of the meeting held on 28 November 2008.

2. ANNUAL GOVERNANCE REPORT 2007/08 - CONTEXT

The Head of Finance presented his report and referred to the context against which the Audit Commission's Annual Governance Report needed to be considered. He referred specifically to the action being taken to try and address issues relating to the shortfall in in-depth technical skills within the Finance Team. He pointed out that the Council reserves were now nearly £10 million which would help the Council in dealing with the current recession.

RESOLVED to note the report.

3. ANNUAL GOVERNANCE REPORT 2007/08

Andy Perrin presented his Annual Governance Report for 2007/08 together with an addendum circulated at the meeting. He said that he would issue his audit opinion the following week as summarised in the Annual Governance Report and addendum. It was however now important for the Council to focus on the way forward.

He said that so far as cash flow was concerned he was satisfied that the Council was working towards a satisfactory position for the current year. Although there were still unresolved problems with comparative data he suggested that it was now appropriate to draw a line under the issue and move forward with his Audit Report qualified in this one area. In reply to a question he confirmed that the unresolved problems with comparative data should not have any impact going forward.

Andy Perrin emphasised that the current position had only been reached as a result of a massive investment in time on the part of both the Council and the auditors. Many material amendments had been made to the accounts in getting there. The Council was however still some way short of the skills and abilities required to maintain this position for the current year. In the circumstances he would require a statement from the Head of Finance on the action taken to maintain the position.

The Committee then considered the findings and recommendations contained within the report in some detail. The Chair referred to the fact that a number of recommendations were similar to those made the previous year. The Head of Finance explained that an Action Plan had been drawn up to respond to the recommendations. Helen Devlin pointed out that a revised version of the Action Plan was included at the back of the addendum report.

Discussion took place on the outstanding issues relating to New Deal. A member expressed concerns about the length of time being taken to resolve matters. Bridget Buttinger referred to the Position Statement to be provided to the Head of Finance by the end of July this year. The Council was currently in discussion with Go East and CLG to resolve the matter.

Andy Perrin answered questions about the letter of representation required from the Council before he could issue his opinion. He pointed out that a draft of the required letter was appended to his report.

The Head of Finance answered questions about the arrangements put in place to secure value for money from Council resources. He said that a report on the medium term financial strategy would be submitted to members prior to consideration of this year's budget. Budget Monitoring Reports would be submitted to members on a more regular basis in the future. The Acting Head of Audit said that he hoped to be in a position to submit a draft Annual Governance Statement to the March meeting of this Committee.

RESOLVED to -

- (1) note the report and addendum;
- (2) adopt the revised financial statements;
- (3) approve the draft representation letter on behalf of the Council;
- (4) approve the proposed Action Plan.

4. INTERNAL AUDIT WORK APRIL - DECEMBER 2008

The Acting Audit Manager presented the report and referred to the findings of the draft Audit Reports issued following reviews carried out during the first nine months of the current financial year. He explained why the responses to some of the recommendations were still under review. He hoped to be able to bring final responses to the March meeting.

The Committee then discussed progress with the draft Audit Plan for 2008/09. The Acting Audit Manager answered questions about the action taken to deal with the projected shortfall in audit resources. He said that he hoped to bring the draft Audit Plan for 2009/10 to the March meeting.

RESOLVED to note the report.

5. GOVERNANCE ISSUES ARISING FROM THE INVESTIGATIONS INTO GREYHOUND OPENING/GOLDSMITH STREET

The Monitoring Officer presented his report and referred to the governance issues arising from the investigation into Greyhound Opening/Goldsmith Street. He explained the basis on which he had concluded that whilst adequate safeguards were in place to deal with potential conflicts of interest at officer level they had not been followed in this case. He said that he inspected the entries in the officer register of interest on a regular basis.

A member said that she was unable to reach a view on whether there were any further governance issues which needed to be addressed pending the outcome of other related investigations and the possible Audit Commission review. Other members however said that they were satisfied that current systems were sufficiently robust. The Monitoring Officer pointed out however that there was nothing to stop this Committee from revisiting the issue when the outcomes of associated investigations were known.

RESOLVED to -

- (1) endorse the recommendations of the Monitoring Officer for implementation;
- (2) ask that the Committee is kept informed of the outcome of associated investigations and the possible Audit Commission Review.

CHAIR