



## **AUDIT COMMITTEE**

**2.00 p.m. - 3.45 p.m.**

**28 November 2008**

Present: Councillors (S) Little (Chair), Driver (Vice-Chair), Divers, Collishaw, Makoff, Stephenson and Waters

Apologies: Councillor Brociek-Coulton

### **1. MINUTES**

The Committee considered the minutes of the meeting held on 26 and 30 June 2008. The Chair pointed out that when the Committee had signed off the accounts for the year ended 31 March 2008 this had been on the understanding that they would be informed of any further significant arithmetical or typographical errors identified in the accounts before they were submitted to the Audit Commission. The Director of Finance said he hoped that similar problems would not arise in future years.

**RESOLVED** to agree the accuracy of the minutes of the meeting held on 26 and 30 June 2008.

### **2. COMMENTARY ON THE EXTERNAL AUDIT OF THE 2007/08 FINANCIAL STATEMENTS**

(Andy Perrin and Helen Devlin of the Audit Commission attended the meeting for this item and item 3 below)

The Head of Finance presented the report and explained that the commentary was intended to provide background information for members when considering the Audit Commission's Audit update. He referred to the close working relationship with the Audit Commission and expressed his appreciation of the support provided during the Audit.

**RESOLVED** to -

- (1) note the report;
- (2) consider the appendices setting out the progress made in tackling the issues raised as a result of the 2006/07 Section 11 Notice and other issues raised during the Audit of the 2007/08 accounts in conjunction with the Audit Commission's Audit update.

### **3. 2007/08 FINANCIAL STATEMENTS AUDIT UPDATE**

Andy Perrin presented the report and explained the status of the Audit update. He anticipated concluding the Audit for 2007/08 by the end of the year. He hoped that it would be possible to achieve an unqualified opinion although he was unable to offer any guarantees at this stage. He also referred to the good working relationship with the Council's Finance Team.

Andy Perrin referred to the value for money conclusions of his Audit work. The qualification under consideration for 2007/08 recognised the improvement from last year.

Members asked detailed questions about a number of the issues highlighted in the report. The Head of Finance explained the background to the current shortfall in the provision for CityCare pensions. The Council had asked the Norfolk Pension Fund to include the liability as part of the Norwich City Council pension liability so that the burden could be spread over 20 years. A decision would be made mid December. In the event that the Pension Fund did not agree to this request it would be necessary to go through a process of capitalisation to cover the shortfall. He said that it was not possible to insure against this type of liability. Similar issues would not arise in respect of staff transferred to Steria as Steria, unlike CityCare, was not an admitted body.

The Head of Finance also referred to work being done with regard to the NELM accounts. Revised controls had been introduced and one member of the Audit Team was currently working almost full-time on the NELM accounts.

Discussion then took place on a number of the other errors found in the Council's accounts. The Head of Finance said that the amendments to the accounts had been made in consultation with the Audit Commission. He pointed out that over 800,000 transactions went through the Council's accounts in any year.

The Chair referred to the list of quantified errors in the financial statements. He suggested that it would be helpful to identify those having an impact on the general fund. Helen Devlin said that any errors with an impact on the general fund would be shown separately in the Annual Governance Report. She would also ensure that the overall impact on the general fund was clearly stated.

**RESOLVED** to note the report.

### **4. INTERNAL AUDIT PLAN 2008/09 AND PROGRESS TO DATE**

The Chief Internal Auditor presented the report and answered questions about the Internal Audit Plan for 2008/09 and the basis on which it had been prepared. He outlined the resources available for internal audit work. PriceWaterhouseCoopers had been appointed to undertake audit reviews on housing rents, housing and council tax benefit, purchasing and accounts payable and accounts receivable. Some IT audit work has also been outsourced.

The Chief Internal Auditor then answered questions about the implementation of action identified from last year's action plan.

**RESOLVED** to approve the Internal Audit Plan for 2008/09 and note the progress made to date.

## **5. REVISED ANTI-FRAUD STRATEGIES AND WHISTLEBLOWING POLICY**

The Chief Internal Auditor presented the reports and explained why the anti-fraud and whistleblowing policies were now categorised as corporate policies rather than HR policies. He answered questions about the arrangements for publicising the policies and then monitoring their effectiveness.

The Chief Executive Officer commented on the equality and diversity impact assessments of these policies.

**RESOLVED** to approve the revised anti-fraud and whistleblowing policies.

CHAIR