

NORTH DORSET DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE ACCOUNTS AND AUDIT COMMITTEE HELD IN THE COUNCIL CHAMBER, NORDON, SALISBURY ROAD, BLANDFORD FORUM ON WEDNESDAY THURSDAY 256 JUNE SEPTEMBER 2008 AT 10.00AM

- Present:** Councillor Steve Hitchings (Chairman)
Councillor Colin Kay
Councillor Ian Stewart
Councillor Peter Webb
- Apologies:** Councillor Richard Moyle & Councillor Colin Kay
- Officers:** Vic Smith, Financial Services Manager
Debbie Wiltshire, Audit Partnership Manager
Ian Milne, Senior Accountant
- Audit:** Hannah Morris, Audit Manager
Commission Jennifer Hunnisett

6152. DECLARATIONS OF INTEREST

None.

6523. MINUTES OF MEETING HELD ON 261 MAY JUNE 2008

The Committee considered an amendment to the Minutes provided by Councillor Richard Moyle. The Committee felt that the original Minute circulated was an accurate reflection of proceedings and were happy with the term 'stakeholders'.

The Minutes of the meeting held on 21 May 21 June 2008 were confirmed as a correct record and signed by the Chairman.

6354. REVIEW OF THE CODE OF CORPORATE GOVERNANCE ANNUAL AUDIT & INSPECTION LETTER

The Report was introduced by the Financial Services Manager who asked the Committee to consider the revised wording in section 2 of the Local Code of Corporate Governance. The Chairman welcomed Hannah Morris from the Audit Commission who was present to answer questions on this item.

The Committee noted the methodology for arriving at the Use of Resources score. It is based on five themes; Financial Reporting, Financial Management, Financial Standing, Internal Control and Value for Money. Each of these themes is examined through the use of Key Lines of Enquiry (KLoE) which categorize authorities by comparing them to a set of criteria for each level of attainment.

Members noted the Audit Commission's finding that the Council's priority of Access was not reflected in its' funding for transport schemes.

Although the focus of the Audit Commission is moving to Comprehensive Area Assessment, the Value for Money and Use of Resources assessments for individual authorities will continue.

The Committee considered the Audit & Inspection Plan for 2008/09 and noted the need to produce good quality documents for the Audit Commission's work.

The Committee expressed its thanks to Hannah Morris and the Audit Commission for the collaborative approach to their work with the Council.

Resolved That the revised Code of Corporate Governance is submitted to Council for approval and inclusion in section 5 of the Council's Constitution.

1. That the Senior Management Team be asked to liaise with the Audit Commission to determine the appropriate meeting for the Audit Commission to give a presentation on the Use of Resources and the Comprehensive Area Assessment.
2. To accept the Audit and Inspection Plan for 2008/09.

6455. RISK MANAGEMENT ANNUAL REPORT 2008 STATEMENTS OF ACCOUNTS 2007/08

The Report was introduced by the Audit Partnership Manager. Members noted that the production of an annual report was required in the Council's Risk Management Strategy. Members considered the work of the Risk Management Group, the risk management framework and the Risk Management Strategy. It was noted that a British Standard for risk management would be helpful for both local authorities and the work of the Audit Commission. Financial Services mManager who asked the Committee to consider the Statement of Accounts for 2007/08 and the response to the external auditor as required by ISA 240.

The Committee noted that international financial reporting standards may be introduced in local government in 2010/11. This will mean lots of significant changes to the local authority financial instruments used by local authorities reporting.

Members considered the Statement of Accounts and asked a number of questions about the Cash Flow Statement and noted that cash flow had been distorted by the level of debtors and creditors. It was noted that comparisons between 2006/07 and 2007/08 were difficult because the use of the new cash flow tool in compiling the Statement may have treated some non-cash movements differently, affecting the level of reported cash income and expenditure in 2007/08.

Resolved To accept the Annual Report on the processes and activities of the work undertaken on risk management during the year.

1. To approve the Statement of Accounts for 2007/08.
2. To endorse the response to the external auditor as required by ISA 240 as set out in Appendix 3 to the Report.

6556. ANNUAL GOVERNANCE REPORTAUDIT REVIEW OF LICENSING

The Report was introduced by the Hannah Morris of the Audit Partnership ManagerCommission, who stated that the Audit Commission is charged with reporting annually to those charged with governance.

The Audit Commission expect to issue an unqualified opinion on the financial statements produced by the Council. There were no financial adjustments which will impact on the level of reserves held by the Council. The Audit Commission also expects to conclude that the Council has put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources.

Members noted that an authority could fail the value for money test on issues such as data quality, business continuity, financial management, financial monitoring or financial standing. who stated that the Council was able to place assurance on the controls in the system.

The Committee noted that all actions had been agreed and now put in place.

Resolved

- 1) To accept the Annual Governance Report produced by the Audit Commission.
- 2) To authorise the Financial Services Manager to sign the Letter of Representation.to support the recommendations of the internal auditor.

6657. AUDIT REVIEW OF CREDITORSAUDIT REVIEW OF HOMELESSNESS

The Report was introduced by the Audit Partnership Manager who stated that the Council was able to place assurance on the controls in the systemno weaknesses were found and that the Council was able to place assurance on the controls in the system.

The Committee noted that two medium priority control weaknesses and two low priority control weaknesses had been found. These have all been agreed by management and actions carried out with immediate effect.

Members noted that the information referred to in objective 4 was that relating to specific claims.

Resolved to support the recommendations of the internal auditor.

6758. AUDIT REVIEW OF CONTROLLED STATIONERYAUDIT REVIEW OF DEVELOPMENT CONTROL

The Report was introduced by the Audit Partnership Manager who stated that the Council was able to place assurance on the controls in the system2 low priority recommendations have been made, both of which have been agreed by the Financial Services Manager.

Independent checks will now be made by a second person in the finance department.

The Financial Services Manager indicated that he was happy with the timescales in the Report.

The Committee questioned why the agreed date of action was the end of July 2008, whether the management response to objective 3 was somewhat weak and too focused on an individual and whether the management response to objective 6 (adapting an IT system) would constitute an over-elaborate response to a simple problem.

Resolved To support the recommendations of the internal auditor.
Resolved

1. To support the recommendations of the internal auditor.
2. To pass on the Committee's comments, relating to the management responses and agreed dates of action, to the relevant managers.

6859. **AUDIT REVIEW OF NATIONAL INDICATOR SET** **AUDIT REVIEW TIMETABLE**

The Report was introduced by the Audit Partnership Manager who stated that accuracy checks on National Indicators and Local Performance Indicators will take place every year. The one recommendation made has been agreed by those responsible.

Members noted the large amount of work which has been carried out to prepare for the new National Indicator set.

Members discussed the scheduled meeting dates for this Committee and whether an additional meeting would be required in March 2009.

Resolved To support the recommendations of the internal auditor.
Resolved

1. To note the content of Appendix A (of the Report) detailing the progress of the audit plan and agree any updates to or revisions of the plan.
2. That an additional Committee meeting be scheduled to take place in March 2009.

69. **AUDIT REVIEW OF FLEXTIME**

The Report was introduced by the Audit Partnership Manager who stated that the Report identifies inconsistencies in how flexi-time is administered across the Council. There were also 2 instances of where annual leave did not tie in records.

Members noted that a perception of unfairness could arise if flexi-time was operated inconsistently. Members stressed the need for consistency and for checking to take place. They were informed that an audit has been requested next year by the Senior Management Team.

Resolved To support the recommendations of the internal auditor.

70. **AUDIT REVIEW OF CASH COLLECTION & RECONCILIATION**

The Report was introduced by the Audit Partnership Manager who stated that it was considered to be a fundamental system and would therefore be audited annually. One weakness had been identified relating to cash transactions.

Resolved To support the recommendations of the internal auditor.

71. **AUDIT REVIEW TIMETABLE**

The Report was introduced by the Audit Partnership Manager who stated that the Audit Partnership were on target to complete audits across all 3 authorities before the end of the financial year.

Resolved To note the content of appendix A, detailing the progress of the audit plan.

72. **PROGRESS AGAINST AUDIT RECOMMENDATIONS**

The Report was introduced by the Audit Partnership Manager.
The Housing & Council Tax Benefit recommendations are yet to be completed. A draft policy has been produced and is awaiting comments from the Financial Services Manager.
The Travelling & Subsistence recommendations have slipped due to difficulties in reaching an agreement with UNISON.

Resolved

- 1) To note the Report.
- 2) To extend the Agreed Action Date for the Housing & Council Tax Benefit recommendations to the end of October 2008.
- 3) That the recommendations relating to Council Tax be reported on in January 2009.

7360. **PROGRESS AGAINST AUDIT RECOMMENDATIONSEXCLUSION OF THE PRESS & PUBLIC**

The Report was introduced by the Audit Partnership Manager.

The Committee noted, with disappointment, that a response had not yet been received from the Blandford Leisure Centre on agreed actions. It was noted that if no progress was being reported to the next meeting that the Leisure Manager be invited to attend the meeting to provide suitable explanations.

Members noted that the Travelling & Subsistence policy had not yet been completed yet due to the need to reach agreement with the unions.

The payroll action has now been completed and signed off. The VAT action has also been completed.

The NNDR action is on target to meet its' end of July 2008 target.

The Senior Management Team have requested that the proposed debt recovery policy suggested under the Housing & Council Tax Benefit audit form part of a corporate debt policy, a draft of which should be produced by September 2008.

Members discussed the wording on the administrative penalty form and action that could be taken across the authorities involved to correct the situation. Members considered that the audit recommendation as it stood had been completed.

Resolved To exclude the press and public from the remainder of the meeting for the business specified in items 15 & 16, because it is likely that, if members of the press and public were present, there would be a disclosure to them of exempt information as defined in paragraphs 5 & 7 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing that information.

1. That the action relating to the Travelling & Subsistence policy be granted an extension until September 2008.

2. To note the Report.

74. OFFICE OF SURVEILLANCE COMMISSIONERS INSPECTION REPORT

The Report was introduced by the Audit Partnership Manager.

Members considered the findings of the Commissioner from the Office of Surveillance Commissioners who visited the Council to review its use of the Regulation of Investigating Powers Act 2000.

Members expressed the view that the Leader of the Council be informed when such powers were used.

Resolved To note the Report.

75. INTRUDER BREAK IN LEISURE CENTRES

The Report was introduced by the Audit Partnership Manager.

Members discussed security measures, insurance and the impact on staff.

Resolved To note the Report.

The meeting closed at 12:208pm.

CHAIRMAN