

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in Room 14, Priory House, Monks Walk, Shefford on Monday, 29 June 2009

PRESENT

Cllr D J Lawrence (Chairman)
Cllr R A Baker (Vice-Chairman)

Cllrs Mrs A Barker
D Bowater
T Green

Cllrs A Shadbolt
P Snelling

Officers in Attendance: Mr J Atkinson – Head of Legal Services
Ms D Lester – Senior Democratic Services Officer
Mr N Murley – Assistant Director Audit and Risk
Mrs C O'Carroll – Audit Commission

A/08/11 Minutes

RESOLVED:

That the Minutes of the meeting of the Audit Committee held on 6 April 2009 be confirmed and signed by the Chairman as a correct record.

A/08/12 Members' Interests

(a) **Personal Interests:-**

Councillor D Lawrence declared a personal interest in agenda item No 12 – Annual Audit Letter for the Citizens Services Partnership in so far as being a member of Bedfordshire County Council's Overview and Scrutiny Committee in 2005 which scrutinised the Partnership.

Councillor D Bowater declared a personal interest as far as his son-in-law holds is a director with the Audit Commission.

(b) **Personal and Prejudicial Interests:-**

None.

A/08/13 Chairman's Announcements

The Chairman advised Members that the membership of the Audit Committee as set out in the Constitution was open to interpretation and for this reason was to be reviewed by the Constitution Working Group to clarify the Terms of Reference criterion of "no more than one member of an overview and scrutiny committee other than Corporate Resources Overview and Scrutiny

Committee". As the current interpretation had been taken as meaning 'up to but no more than one member from each of the other four O&S committees' it enabled the current composition to carry on.

A/08/14 **Public Participation**

No applications had been received under Appendix A to the public participation scheme to speak during the fifteen minute question and statement period at the beginning of the meeting. Furthermore there had been no applications to speak under the Public Participation Scheme on any items included on the Agenda for this meeting.

A/08/15 **Petitions**

The Chairman announced that no petitions had been referred to this meeting.

A/08/16 **Disclosure of Exempt Information**

There were no disclosures of exempt information.

A/08/17 **Audit Commission's Code of Audit Practice**

Cathy O'Carroll, Audit Manager, Audit Commission presented the Audit Commission's Code of Audit Practice 2008 setting out the nature and scope of the External Audit work and auditors' responsibilities in fulfilling statutory functions.

RESOLVED:

That the Audit Commission's Code of Audit Practice 2008 be noted.

A/08/18 **Audit Commission's Statement of Responsibilities of Auditors and Audited Bodies**

Cathy O'Carroll, Audit Manager, Audit Commission presented the Audit Commission's Statement of Responsibilities of auditors and of audited bodies setting out the different responsibilities of each and what is expected of the audited body.

During consideration of the paper the Committee concurred with the suggestion that a position statement be presented to each meeting of the Committee showing progress on the External Audit Plan which would enable Members to track progress.

The Committee went on to discuss Audit Fees. It was noted that a letter had been sent to the Director of Corporate Resources giving a proposed/indicative figure of £323k based on a 10% scale fee of gross expenditure. This scale of

fee reflected the risks of forming a new unitary authority. It was noted that the indicative fee did not include the auditing of grant claims and housing grants which were charged separately.

RESOLVED:

That the Audit Commission's Statement of Responsibilities of Auditors and Audited Bodies be noted.

A/08/19

2008/09 Internal Audit Reviews

The Committee considered a report from the Director of Corporate Resources detailing the outcomes of the Internal Audit reviews undertaken during 2008/09 which would form part of the evidence required to approve the 2008/09 Annual Governance Statements for the legacy authorities.

The Committee's attention was drawn to Appendix A providing a summary of key issues identified from a review of audit activities from the legacy authorities. Appendix B highlighted the areas of review with limited assurance which, as indicated on the schedule, would be reviewed where relevant as part of the key systems audit. As the deadline for signing off the Annual Governance Statements was 27 July when the Statement of Accounts for the Legacy authorities would be brought to the Committee for approval, the Assistant Director of Audit and Risk undertook to circulate the high risk areas to Members for commenting on the way forward.

During the ensuing discussion the Assistant Director of Audit and Risk Committee responded to questions and comments from members on the following:

- Audit needs assessments
- Payroll systems (BedsCC)
- Re-valuation of the Pension Fund
- The maintenance programme and liability assessment of asbestos

RESOLVED:

That the report setting out the outcomes of the Internal Audit reviews undertaken during 2008/09 be noted.

A/08/20

Annual Governance Statements for the Legacy Authorities

Further to minute A/08/9 of the meeting held on 6 April 2009 the Committee considered a report from the Director of Corporate Resources seeking approval to the revised 2008/09 Annual Governance Statements (AGS) for the three legacy authorities.

The Committee was reminded that at its meeting on 6 April 2009, it received the three AGS's from the legacy authorities. A further review had since been undertaken to capture any more significant issues that had come to light since 31 March 2009. This had been done so that the AGS for each authority could be revised, if necessary, and enable the Committee to approve them,

before signing the 2008/09 Statement of Accounts for these councils at the meeting on 27 July 2009.

Members' were advised that as a result of the reviews undertaken only the County Council's AGS had been amended. These related to partnership arrangements in place between Bedfordshire County Council, Bedfordshire Primary Care Trust and The Bedfordshire and Luton Partnership Trust.

The Committee noted that information relating to the Financial Management Standard in Schools (FMSiS) toolkit audit work had also been updated to fully reflect the work undertaken by 31 March 2009. The percentage of schools who had passed the standard programmed for assessment had increased from 39% to 42%. Whilst this rate seemed very low, of the 63 schools audited, 74% had passed. It was noted that a major contributing factor to the poor performance against the scheduled assessments was late submission of information from the schools, which in turn led to a large slippage in the programme of works. A more realistic schedule for the assessments being undertaken in 2009/10 was being produced.

RESOLVED:

That, subject to no further material issues coming to light before approval of the Statement of Accounts on 27 July 2009, the 2008/09 Annual Governance Statements for the three legacy authorities attached as appendices A,B and C to the submitted report be approved.

A/08/21

Annual Audit Letter for the Citizens' Services Partnership

The Committee considered a report from the Director of Corporate Resources setting out details of the Audit Commission's Annual Audit Letter relating to the former Citizens Services Partnership (CSP) and seeking endorsement of the review undertaken by the Joint Authority Member Task Group.

The Committee was advised that the CSP was formally dissolved in July 2007 and as such there are no direct implications for Central Bedfordshire or Bedford Borough Council. There was however a small risk that some of the grant funding (£1.6m) made available by the government could be repayable. It was noted that consideration of how this would be best dealt with would be picked up as part of the approval of the Statement of Accounts.

Members noted that as a result of the recommendations made by the Member Task Group, improvements had already been made to processes and procedures surrounding the authority's partnership governance arrangements and had been included in the Council's Constitution.

In terms of ICT software the Chairman suggested that a recommendation should be put forward that before purchasing any future systems the internal workings of the software are understood in detail and that the User Specification includes a level of acceptance testing that measures the output and performance of the software.

RESOLVED:

1. That the Annual Audit Letter for the Citizens' Services Partnership attached as Appendix A to the submitted report be noted.
2. That the recommendations of the review undertaken by the Joint Authority Member Task Group attached as Appendix B to the submitted report be endorsed.
3. The Committee recommends that the following elements be included in the Code of Practice on Procurement:

That within any ICT specification the following clauses be included:

- a) The internal workings of the software are understood in detail
- b) That the user specification includes a level of acceptance testing that measures the output and performance of the software;

and that the above should validate the appropriate release of payment, as per a payment profile, once the system is live.

A/08/22

2009/10 Audit Committee Outline Work Programme

The Committee received a report from the Director of Corporate Resources detailing the key agenda items that the Audit committee will need to consider in 2009/10.

During consideration of the proposed work programme the Chairman questioned whether there would be merit in looking at the quarterly budget monitoring report taken to the Executive so that the Committee could satisfy itself that the Council's key systems and processes were working satisfactorily. In view of the fact that the Corporate Resources Overview and Scrutiny Committee had within its remit responsibility for reviewing and scrutinising financial services as well as monitoring the decisions made by, and the performance of, the Executive, the Committee agreed that responsibility for such functions lay in the first instance with the overview and scrutiny committees.

RESOLVED:

That the Work Programme for 2009/10 attached at Appendix A to the submitted report be approved.

(Note: The meeting commenced at 9.30 a.m. and concluded at 11.23 a.m.)

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