

MINUTES OF AUDIT COMMITTEE HELD ON

22 September 2009

7.30pm-9.58pm

PRESENT

COUNCILLORS

Muriel Jolles (Chairman)

Simon Carter
Joshua Jolles

Manny Doku

Tony Durcan
Mark Wilkinson

APOLOGIES

David Carter

Tony Hall

Lorna Spenceley

SUBSTITUTES

Joel Charles substitute for Tony Hall
Mark Gough substitute for David Carter
Linda Pailing substitute for Lorna Spenceley

31. DECLARATIONS OF INTEREST

None.

32. MINUTES

RESOLVED that the minutes of the meeting held on 8 July 2009 and reconvened on 23 July 2009 be agreed as a correct record and signed by the Chairman.

33. MATTERS ARISING

- (a) Fixed Assets Register
(Minute 28 Refers)

It was noted that the Chairman of this Committee would provide an update at the next meeting of this Committee, following a meeting between himself, the Strategic Director and the Assistant Chief Executive.

34. **WRITTEN QUESTIONS AND PETITIONS**

None.

35. **NON-CONTENTIOUS BUSINESS**

RESOLVED that the no items be taken as non-contentious business.

36. **COMMITTEE FORWARD WORK PLAN**

RESOLVED that the Committee Work Plan be noted and the following amendments made:-

- Delete 'Annual Audit Letter' from November meeting.
- Delete 'Managing Performance' from January meeting.
- Bring forward 'Use of Resources' from January to November meeting.
- Delete 'Zurich' from Strategic Risks Assessment report title.

The following 4 items were actually taken together after original agenda items 12, 13, 14 and 15. At 9.30pm, following a comfort break, Members voted to continue until 10pm at the latest.

37. **FINANCIAL STATEMENTS AUDIT 2008/09**
MANAGEMENT LETTER OF REPRESENTATION (2008/09)
ACCOUNTS

The Committee received a report and draft letter of representation, which the Council's external auditors required in order to comply with International Standards on Auditing guidance.

The purpose of the letter was to obtain written representation on matters where the auditors were relying on the management's judgement.

RESOLVED that the draft letter of recommendation attached at Appendix 1, which is to be acknowledged formally by the Policy & Resources Committee at its meeting on 24 September 2009, be noted.

38. **AUDITED ANNUAL ACCOUNTS 2008/09**

The Committee received the report on the audited annual accounts, which had been submitted to this Committee for noting, prior to being presented to the Policy & Resources Committee for approval.

RESOLVED that the audited Statement of Accounts 2008/09, at Appendix 2 of the report, be noted.

39. **ANNUAL GOVERNANCE REPORT**

The Committee received the Audit Commission's draft annual governance report.

Christine Connolly, Audit Commission, reported that the audit was substantially complete and that she proposed to issue an unqualified opinion, subject to clearing the outstanding matters and the formal approval and adoption of the financial statements by the Council.

Updated appendices 2 and 3 were tabled to ensure that Members were aware of the latest position regarding adjusted and unadjusted misstatements.

RESOLVED that the report be noted.

40. **ANNUAL GOVERNANCE STATEMENT**

The Committee received a report on the Council's annual governance arrangements for 2008/09, which would be published with the annual Statement of Accounts.

RESOLVED that the report be noted.

41. **PLAYHOUSE BUDGET**

The Committee received a report on the Playhouse budget, which was a standing item on the agenda. The report covered the period to the end of July 2009.

It was noted that, amongst other plans, the sale of redundant equipment was being considered to mitigate the expected overall shortfall of £7,108 in the 2009/10 financial year.

Members expressed an interest in the analysis of 2008/09 audience 'spend-per-head' for differing types of performance, which was being used as a management tool to control budgets.

RESOLVED that

- (a) the report be noted;

- (b) information on the 'spend-per-head' analysis be circulated to members of this Committee.

42. **QUARTER 1 PERFORMANCE REPORT 2009/10 AND PROPOSED NEW FORMAT**

The Committee received a report which provided an analysis of how the Council performed against national and local performance indicators for the first quarter of 2009/10, together with action plans to address areas where performance indicators were likely to fall short of their target.

It was proposed that from now on the quarterly performance reports should only include indicators where up to date data was available and that all measures would be reported to an annual report (at the end of the financial year – quarter four).

The Committee adjourned for 10 minutes to allow Members time to read the tabled appendix F, which had been omitted from the agenda.

Members were disappointed that there was a 50% variance from the target for turning around void properties (JVC 308). They noted that, as well as an Action Plan to improve this indicator, the Scrutiny Committee was currently conducting an investigation into the Council's relationship with Kier (who were responsible for the performance of this indicator).

RESOLVED that

- (a) quarter one performance, as indicated in point 4 of the report and detailed in Appendices A and B, be noted;
- (b) underperformance within Appendix C be noted;
- (c) the reporting format proposed for Quarter 2 and beyond be noted from Appendices D and E;
- (d) a summary analysis of the 2008 Place Survey results for Harlow be noted within Appendix F.

43. **INTERNAL AUDIT PROGRESS REPORT**

The Committee received a progress report which provided a half year update on internal audit and risk management.

It was noted that the outcome from the two risk management work shops, which had been held recently, would be reported to the next meeting of this Committee.

Members highlighted two of the completed audits for which they would like further information. These were the ICT review (because the overall opinion on this audit was 'no assurance') and Corporate Credit Card review (for reasons of transparency).

RESOLVED that

- (a) the report be noted;
- (b) the Action Plan for the ICT Review be circulated to members of this Committee;
- (c) a report be submitted to a future meeting of this Committee on corporate credit cards, to include information on the number of such cards issued and to whom, the level of usage, total expenditure involved, justification for the issue of a card and any action plan arising from the internal audit review.

44. **ANTI FRAUD STRATEGY**

The Committee received a report proposing an update to the anti fraud strategy, which was last reviewed and updated in 2006. Members were invited to comment on the proposals before the strategy was submitted to the November meeting of the Policy & Resources Committee.

Members were unclear on how this strategy sat with various other anti-fraud measures across the Council in, for example, Revenues and Benefits. They wanted a clearer understanding and further information before they commented on the proposals.

RESOLVED that

- (a) all reference to 'euros' be deleted from the proposed strategy, together with any mention of 'approximate' monetary amounts;
- (b) a fraud Work Shop be arranged for Members prior to the proposed strategy being submitted to the Policy & Resources Committee for consideration.

45. **REFERENCES FROM OTHER COMMITTEES**

None.

46. **MATTERS OF URGENT BUSINESS**

None.

CHAIRMAN OF THE COMMITTEE