

Minutes

of a meeting of the



Audit and Corporate Governance Committee

held AT 6.00PM on 11 APRIL 2007

AT COUNCIL OFFICES, CROWMARSH GIFFORD

Present:

Mr M Jennings (Chairman)

Mr R Bell, Mr F Bloomfield (as substitute for Mr B Service), Mr P Cross,
Mr P W D Greene, Mr M Leonard, Mrs A Midwinter, Rev'd A Paterson, Mr J
Stimson, Mr M Welply, Mr B Wood

Apologies:

Mrs M Davies and Mr B Service tendered apologies

Officers:

Mr D Buckle, Mr G Bushell, Mr A Down, Mrs K Fiander, Mr P Howden, Mr W
Jacobs, Ms P O'Callaghan, Mr H Oliver, Mrs M Reed, Mrs A Robinson

Also present:

Mr I R Mann; Mr A Burns and Ms A Ockleston, Audit Commission

27. Minutes 13 December 2006

RESOLVED: to approve the minutes of the meeting dated 13 December 2006
and agree that the Chairman sign them.

28. Annual Audit and Inspection Letter /Use of Resources Auditor Judgements 2006

Mr A Burns, District Auditor and Relationship Manager, and Ms A Ockleston,

Audit Manager, presented this item and answered the Committee's questions.

Mr A Burns introduced the letter summarising the strengths of the Council and identified the actions needed by the Council. In particular he referred to the strength of financial governance, consistent performance above the minimum requirements and progress towards sharing back-room services. In summary there were no areas for criticism and expectations were high.

Responding to remarks and questions about improved performance, Mr A Burns and Ms A Ockleston made particular comments as follows:

- The role of the Audit and Corporate Governance Committee was developmental: assessments had been made in October 2006 and progress had been made since then with the Committee demonstrating greater confidence.
- Excellent councils demonstrated that they were self-motivating and performed in accordance with the Key Lines of Enquiry (KLOEs). They undertook rigorous assessment service by service comparing themselves with others. The Audit Commission used these councils' initiatives to share with other councils.
- With regard to the Use of Resources Auditor Judgements 2006 and the score for KLOE 4.3, "the Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business", Ms A Ockleston advised that proactive fraud work was required by internal audit. Notwithstanding that, tests against KLOEs became harder each year.

Mr D Buckle, Chief Executive, commented as follows:

- The Council undertook a significant amount of benchmarking activity already. The Audit Commission's comments about required improvements in benchmarking were in terms of mixing benchmarking figures with cost information.
- Regarding paragraph 22 of the Annual Audit and Inspection Letter, relating to crime and the fear of crime, the Council had chosen this area as a strategic priority. Even though the Council had no direct control over its outcome, it could use its influencing skills in discussions with the police.

Councillors commented as follows:

- Early in the life of the new Council, Audit and Corporate Governance Committee should receive further training to aid councillors in monitoring risk management arrangements.

The Committee noted the Annual Audit and Inspection Letter and the Use of Resources Auditor Judgements.

29. Internal Audit reports 2006/07

The Committee considered the report of the Head of Finance summarising the outcomes of recent internal audit activity including sundry debtors, procurement, housing and council tax benefits and bank reconciliation.

Mr H Oliver, Senior Auditor, Mr I R Mann, Cabinet member for finance, Mr W Jacobs, Head of Finance and Mr P Howden, Revenues and Benefits Client Manager, responded to comments and answered questions concerning the sundry debtors audit as follows:

- Progress against the action plan would be monitored after six months and a further report would be presented to the Committee.
- A swifter debt-recovery process had been implemented. Such processes involved less manual intervention whilst bringing in commercial processes. Thereafter Legal Services would take on the debt to recover payment if payment was not received within the prescribed timescale.
- £600,000 of the sundry debtor amount related to benefits, some dating back 20 years. In terms of Housing Benefit debt there was little chance of recovering debt where the debtor was unable to pay.
- Responding to a comment that it was the processes on debt recovery, including performance on collection of council tax, that were deficient the Cabinet member for finance stated that the percentage of council tax collected was 99.43 per cent for Non-domestic Discretionary Rate Relief (NNDR) and top quartile for domestic council tax at 98.5 per cent so collection rates were good.
- Noting a request to put a monetary value on an acceptable level of residual sundry debtors in future, this was difficult particularly when much of the debt related to benefit payments. For this Committee, of greater importance than monetary value was the implementation of robust processes and adherence to those processes. Consequently, it would be necessary to look at write-off procedures and the economics of revised procedures. However, for comparative purposes, statistics could be produced comparing performance as detailed in the current report with that in six months' time. To satisfy the request for a monetary value on revised processes and procedures, the Cabinet member for Finance estimated a reduction of £200,000 and very little

cost to do this in a year. In six months' time, the Committee could expect to see progress towards this estimation.

The Committee noted the report.

30. Annual report on Internal Audit 2006/07

The Committee considered the report of the Head of Finance which provided an opinion on the overall adequacy and effectiveness of the Council's control environment. It had the purpose of disclosing any qualifications to that opinion together with the reasons for the qualification; presenting a summary of the audit work from which the opinion was derived; drew attention to any issues that were relevant to the preparation of the Statement on Internal Control and summarised the performance of Internal Audit in terms of both achievement of targets and the quality of the service provided to users.

The Committee noted the Annual report on Internal Audit 2006/07.

31. Data quality

The Committee considered the report of the Head of Business and Information Systems that provided an opportunity to note the Council's response to the Audit Commission's audit of data quality and comment on a proposed approach to integrate data quality within performance management arrangements.

The Committee noted the data quality report.

32. Statement on Internal Control and Code of Corporate Governance Assurance Statement

The Committee considered the report of the Head of Legal and Democratic Services that sought approval of the draft Statement on Internal Control for inclusion in the Statement of Accounts.

The Democratic Services Officer reported that, since publication of the report, a further 12 of the targets detailed in appendix B to the report had been achieved.

RESOLVED: to approve the draft Statement on Internal Control for inclusion in the Statement of Accounts subject to amendments arising from further discussions with external auditors.

33. **Internal Audit plan 2007/08**

The Committee considered the report of the Head of Finance that set out the proposed internal audit plan for 2007/08 and explained the process for setting the audit plan and for calculating the resources available.

RESOLVED: to approve the annual Internal Audit Plan and monitor progress against the plan.

The meeting closed at 7.30pm.

Chairman Date