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**AUDIT AND RISK COMMITTEE**

**15 December 2008 – 6.00 pm**

**PRESENT:**

Councillor Smith (in the Chair); Councillors Barker, Burroughs, Butcher, P Hacon, Jeal, M Thompson, Walker and Watts.

Councillor Ames attended as an observer.

Mr S Duncan (Head of Financial Services), Mr R Hodds (Member Services Manager and Scrutiny Officer), Mrs S King (Head of Internal Audit) and Miss F Roe (Deloitte and Touche).

**1. MINUTES**

The minutes of 26 November 2008 were confirmed.

**2. INFORMAL DISCUSSIONS WITH HEAD OF INTERNAL AUDIT**

The Committee undertook an informal discussion with the Head of Internal Audit on issues of interest/concern.

**3. INTERNAL AUDIT ACTIVITY FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 2007**

The Committee considered the Norfolk Audit Services' report which summarised the results of the work undertaken by Internal Audit, gave an overall opinion on the adequacy and effectiveness of internal controls and the risk management framework within the Council and gave reassurance that, where improvements are required, action plans had been agreed with Heads of Services. This six monthly report will support the assurance statements, including the Annual Governance Statement forming part of the Statement of Accounts.

**RESOLVED:**

- (i) That the annual opinion on the adequacy and effectiveness of risk management and internal control as being "key issues that need to be addressed" be noted.
- (ii) That changes that have taken place (including restructuring) to support the strengthening of internal controls be noted.
- (iii) That the Head of Financial Services would manage the completion of the remaining action plans be noted.

(iv) That the messages detailed in (i) to (iii) above be reflected in the Annual Governance Statement be noted.

(v) That it be noted that Auditees within the Borough are satisfied with the work provided by Norfolk Audit Services.

**4. REPORT ON INTERNAL AUDIT ACTIVITY FOR THE PERIOD 1 APRIL TO 30 NOVEMBER 2008**

The Committee considered the Head of Internal Audit's report which provided Members with details of progress made between April and November 2008 towards completing the work included in the agreed Audit Plan for 2008/09. It also included abridged management summaries of the final audit reports issued between April and November 2008 and performance information for that same period.

**RESOLVED:**

That the progress position to date, in terms of the delivery of audit assignments as per the Annual Audit Plan and, to be cognizant that, although more final reports were envisaged by the end of November 2008, the Internal Audit Services Contractor has given assurances that all programmed audit assignments will be undertaken within the financial year and hence, the requisite audit assurances and opinions will be available to feed into the Council's Annual Governance Statement for 2008/09, as required, be noted.

**5. FOLLOW UP OF AGREED ACTIONS FROM FINAL REPORTS ARISING FROM THE AUDIT PLANS FOR 2007/08 AND 2008/09**

The Committee considered the Head of Internal Audit's report which provided an overview of the status of agreed actions arising from the systems audits performed during 2007/08 and 2008/09. Managements commitment to enhancing the internal control environment through the implementation of audit recommendations is duly explored, and an analysis has been undertaken to determine the extent of outstanding agreed actions currently in existence, in terms of those partially completed or still to be actioned by the agreed target dates and those where the expiry date is due within one month.

**RESOLVED:**

That the overall position as at 31 October 2008 regarding agreed actions arising from audit reviews and decide whether management has been taking appropriate steps to address weaknesses found in the internal control environment, as identified in final audit reports, be noted.

**6. IMPLEMENTATION OF AUDIT COMMISSION RECOMMENDATIONS**

The Committee considered the Corporate Risk Officer's report on the implementation of Audit Commission recommendations with an implementation date of 30 September 2008 or before.

**RESOLVED:**

That the Corporate Risk Officer's report be received.

**7. LETTER OF REPRESENTATION**

The Committee was reminded that at its meeting on 26 November 2008, the Head of Financial Services had been asked to provide a report on each of the bullet points detailed in the Audit Commission's letter of representation with a view to the letter being signed off by the Chairman at the meeting on 15 December. Accordingly, the Committee now considered the Head of Financial Services' report which gave an explanation of how the Audit and Risk Committee is able to gain assurance that the representations that they are being asked to make are supported by evidence.

The Head of Financial Services also reported on the present position with regard to the auditing of the Accounts for 2007/08 and that due to a number of issues to be resolved, these accounts would receive a qualified judgement. The Committee was assured that the Accounts for 2008/09 would receive an unqualified rating following action to be taken by the Director of Community Housing. Accordingly, the Committee was asked to endorse the proposal that the letter of representation be signed off by the Chairman in January 2009 following further confirmation by the Audit Commission as to the status of the Accounts.

**RESOLVED:**

That approval be given to the Chairman signing off the letter of representation in January 2009, subject to the resolution of the qualification of the Accounts on the lines outlined above.

**8. AUDIT AND RISK COMMITTEE DRAFT WORK PLAN**

The Committee noted and approved the revised work plan for the Audit and Risk Committee and agreed to hold an additional meeting on 16 February 2008.

**9. DATA QUALITY AUDIT 2007/08**

The Committee received the progress report with regard to the Data Quality Audit 2007/08.

**10. CLOSURE OF MEETING**

The meeting ended at 6.40 pm.