

**LARGER PRINT COPY AVAILABLE
PLEASE TELEPHONE: 01493 846325**

AUDIT AND RISK COMMITTEE

17 December 2007 - 6.30 pm

PRESENT:

Councillors Hacon, Hodds, B Walker and Watts.

Councillor Wainwright attended as substitute for Councillor Barker.

Councillor Smith attended as an observer.

Apologies for absence were received from Councillors Barker, Collins and Tate.

Mrs J Ratcliffe (Executive Director – Customers and Resources), Mr S Duncan (Head of Financial Services) and Mr R Hodds (Member Services Manager and Scrutiny Officer).

Ms S King (South Norfolk District Council) and Mr D Riglar (Audit Commission).

1. APPOINTMENT OF CHAIRMAN

RESOLVED:

That Councillor Hodds be appointed Chairman for this meeting.

2. MINUTES

The minutes of 12 November 2007 were confirmed.

With regard to item 4 (2006/07 Annual Governors' Report), the Shadow Leader asked if there had been any developments with regard to the possibility of the Audit Commission giving consideration to the need to issue a "public interest" report. The Executive Director (Customers and Resources) reported that measures had been put in place that would hopefully mitigate any action by the Audit Commission to pursue this particular course of action.

3. ANNUAL GOVERNANCE REPORT 2006/07

The Committee was reminded that at its last meeting the Audit Commission's 2006/07 draft Annual Governance Report had been noted and it was agreed that further consideration would be given to the final version of the Report at this meeting.

Accordingly, Members now gave consideration to the Audit Commission's final Report in respect of the Annual Governance Report 2006/07. Members were advised that the key

messages detailed in the Annual Governance Report remained the same as those detailed in the Committee's Minutes of 12 November 2007.

In discussing the Report, the Executive Director (Customers and Resources) reported that the Borough Council had signed up to an Improvement Programme and that Officers and Councillor Ames had attended a seminar last week when issues relating to this Programme had been discussed. It was anticipated that significant work would arise from this Improvement Programme. The Committee were also advised that the Audit Commission would be validating work that had already been put in place in January 2008.

With regard to staff resources in the Finance Department, the Executive Director (Customers and Resources) reminded Members that Cabinet had previously given approval for the appointment of additional staff to this Department. The recruitment process had commenced and at present the Council was employing qualified accountants through agencies prior to the permanent appointment of the additional staff. It was expected that the new staff structure in the Finance Department would deliver a good service and reference was also made to the implementation of a programme for upskilling of the existing Finance Team. Reference was also made to the introduction of the new Financial Management System which would significantly improve the Council's financial governance arrangements.

RESOLVED:

That the Audit Commission's Annual Governance Report 2006/07 be received, and that the Action Plan, as detailed in the Report, be approved.

4. IMPLEMENTATION OF AUDIT COMMISSION RECOMMENDATIONS

The Committee considered the Corporate Risk Officer's Report on the implementation of the Audit Commission recommendations.

RESOLVED:

That the Corporate Risk Officer's Report be received.

5. IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

The Committee considered the Corporate Risk Officer's Report on the implementation of internal audit recommendations.

RESOLVED:

That the Corporate Risk Officer's Report be received.

6. MODIFICATION OF INTERNAL AUDIT PLAN FOR 2007/08

The Committee considered the Internal Auditor's Report on the modification of the Borough Council's Internal Audit Plan for 2007/08. The Internal Auditor reported that, in accordance with the requirements of the Accounts and Audit Regulations 2003, the Accounts and Audit (Amendment) Regulations 2006, and the CIPFA Code of Practice for Internal Audit in Local Government 2006, the Council has a responsibility to maintain an adequate and effective system of internal audit of its accounting records and accounting control systems, in line with the proper internal audit practices. In the fulfilment of this requirement, it is essential that the Annual Internal Audit Plan focuses on key systems, providing assurance where appropriate.

Accordingly, the Committee were requested to reconsider the coverage detailed in the Annual Audit Plan for 2007/08, following changes in audit management and internal audit service provider with effect from 1 October 2007. Under the new arrangements, the incoming Audit Manager has re-examined the existing work programme to determine whether it provides a minimum acceptable level of audit coverage upon which an audit opinion can be based at year end, for inclusion in the Annual Governance Statement for 2007/08. This exercise had indicated that a change in focus was required. The extent of audit input had also been re-evaluated to ensure full reliance could be placed by external audit on the work of internal audit in relation to the cyclical review of key controls, as they apply to the Council's fundamental financial systems.

In addition to reassessing internal audit cover for 2007/08, work had been carried out to align the Borough Council's Audit Plan to the Audit Plans of other participating members of the Norfolk Internal Audit Consortium, to enable benchmarking of working practices and adoption of best practice. This change of approach should enable enhancement of the internal control environment over time and expand levels of assurance which could be given in future years. It is further recognised that the reworking of the Annual Audit Plan has implications for the Strategic Audit Plan. As a consequence, it is intended to revisit existing Strategic Audit Plan proposals in Quarter 4, and devise a new Strategic Audit Plan for presentation to the Audit and Risk Committee on 10 March 2008.

RESOLVED:

That approval be given to the revised Annual Audit Plan for 2007/08 which will then serve as the work programme for the new internal audit service provider in the second half of the financial year.

7. CLOSURE OF MEETING

The meeting ended at 7.15 pm.