



Audit Committee

Minutes of a meeting of the **Audit Committee** held in **Warren Room, Lewes House, 32 High Street, Lewes** on **10 September 2007** at **2:30pm** .

Present:

Councillors J M Harrison-Hicks (Chair), C P Bishop, M A Cutress, J F Daly, C R O'Keeffe

In Attendance:

John Magness, Director of Finance and Community Services
Steve Jump, Financial Services Manager
David Heath, Head of Audit and Performance
David Feintuck, Committee Officer
Richard Smith, Audit Commission
Darren Wells, Audit Commission
Richard Bint, PKF Partner

A training session entitled "The Role of the Audit Committee" and led by the Head of Audit and Performance was presented to councillors prior to the meeting.

	Minutes	Action
12	Minutes	

The Minutes of the meeting held on 27 June 2007 were approved as a correct record and signed by the Chair.

13 Apologies for Absence

An apology for absence had been received from Councillor C S Lambert.

14 Urgent Item

The Chair agreed in accordance with Section 100B(4)(b) of the Local Government Act 1972 that Report 177/07, Statement of Accounts 2006/07 would be considered as a matter of urgency in order for the Committee to make its considerations based on the most recent information that was available.

15 Progress Report on Decisions Made by the Audit Committee

The Committee considered Report No 175/07 which updated the Committee on the progress made in relation to the decisions of the Audit Committee.

Resolved:

15.1 That the Report be noted.

16 Annual Governance Report – Lewes District Council Audit 2006/07

The Committee considered Report No 176/07 prepared by the Audit Commission. Mr Smith led the Committee through the Report. Key messages appeared in paragraphs 6 to 8 of the Report. While the Audit Commission considered no valid ground had emerged for the potential objections lodged by a member of the public, the Audit Commission could not sign off the audit until that matter was concluded. The Audit Commission would further consider the potential objection from the member of the public if it was supported. Paragraph 18 discussed the representation of new accounting techniques within the public account which had led to the Council making presentational improvements. In response to councillors' questions, Mr Wells stated that the investigation of the objections made by members of the

public meant the accounts are still open to objections from others. While the objections did not appear material to the Audit Commission's unqualified opinion, the audit could not be formally closed until the matters had been dealt with. The letter of representation, a copy of which appears in the Minutes Book, was signed by the Chair.

Resolved:

16.1 That the Report be noted.

17 **Data Quality Review**

Mr Bint explained that the Review comprised two parts, the strength of arrangements for data quality control at the Council and an examination of sample data. The audit of strength of arrangements had been partially completed and Mr Bint believed the Council's arrangements were better than adequate. The specific data to be examined was the street cleanliness indicator and the proportion of decent homes. Mr Bint was not aware of any problems although the change of system with regard to recording decent home parameters had changed during the year. The completed review would be presented to the Audit Committee.

In response to councillors' questions, the precise score of the Council's performance was internal to the auditors' work and was not revealed to the Council. Any weaknesses discovered would certainly be reported to the Council.

18 **Statement of Accounts 2006/07**

The Committee considered Report No 177/07 which presented the final Statement of Accounts 2006/2007 and incorporated amendments arising from the audit of the accounts. The amendments were listed at Appendix 1 to the Report. A further amendment was within the Cash Flow Statement for 2005/2006 (page 22 of the Report) wherein the non-domestic rate receipts totalled £16,056 million while cash received for goods services and operational activities totalled £12,579 million.

Resolved:

18.1 That the Report be noted.

19 Interim Report on the Council's Systems of Internal Control 2007/08

The Committee considered Report 178/07 which informed councillors of the internal work of the Audit and Performance Division for the first four months of 2007/2008 and on the adequacy and effectiveness of the Council's systems of internal control during that period.

The Head of Audit and Performance explained that the Interim Report was presented at each Audit Committee meeting as recommended within Best Practice and led to the Statement of Internal Control which sat behind the Annual Accounts. Within paragraph 4.2 of the Report, the use of internal audit resources, the variance between plan audit days and actual audit days during this period was because of annual leave. Two Central Systems Audits (paragraph 4.4 of the Report) had carried over from the end of the previous financial year. Audit work undertaken was detailed in paragraph 4.6 to 4.13 of the Report. Additional resources had been required to audit possible fraud from the national data matching exercise (paragraph 4.13 of the Report). The Head of Audit and Performance noted the Council's system of management assurance had been cited by the Audit Commission as an example of notable practice and was published on the Audit Commission's external website as guidance for other authorities.

In response to a councillor's question, the Director of Finance and Community Services agreed that the selection of the Council's practice as an example of National Good Practice would be publicised through LDC News. In response to a councillor's question regarding the review of the procedures for tendering for painting contracts mentioned in paragraph 4.13 of the Report, the Head of Audit and Performance explained that no issues of fraud or irregularity had been identified.

20 Date of Next Meeting

The next meeting was scheduled to be held on Monday, 3 December 2007 at 2.30 pm to be preceded at 2.00 pm by a training session for councillors and to be held in the Warren Room, Lewes House, High Street, Lewes.

The meeting ended at **3:10pm** .

J M Harrison-Hicks Chair