



Audit Committee

Minutes of a meeting of the **Audit Committee** held in **Warren Room, Lewes House, 32 High Street, Lewes** on **03 December 2007** at **14:30** .

Present:

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

In Attendance:

David Heath, Head of Audit and Performance
David Feintuck, Committee Officer
Richard Bint, PKF Partner
Steven Aynsley-Smith, Assistant Manager, PKF

A training session entitled "Data Quality at Lewes District Council" and led by the Corporate Performance Officer was presented to councillors prior to the meeting.

	Minutes	Action
21	Minutes The minutes of the meeting held on 10 September 2007 were approved as a correct record and signed by the Chair.	
22	Apologies for Absence	

Apologies were received from Councillor K D Mayers.

23 Membership of the Committee

The Committee considered Report 238/07, the purpose of which was to confirm a change to the membership of the Committee.

Resolved:

23.1 That the appointment of councillor R E Allen in place of councillor C M Lambert be confirmed.

24 Joint Audit Arrangements between Lewes District Council and PKF

The Committee considered Report No 235/07, the purpose of which was to confirm the joint audit arrangements between the Council and its auditors PKF. Mr Bint pointed out the differing standards which internal and external audit follow as set out by the Audit Commission and CIPFA (Chartered Institute of Public Finance and Accountancy) respectively (section 2 of the Report). Joint working arrangements for planning and liaison were in section 3 and the key mechanisms for reviewing the work of internal audit in section 4. External Audit would not duplicate recommendations already raised by Internal Audit except where of particular significance (final bullet point).

The Head of Audit and Performance stated that previous joint working arrangements with the Audit Commission had been along similar co-operative lines and produced effective results and welcomed the formalisation of arrangements with PKF within the protocol.

In response to councillors' questions, Mr Bint explained the status of PKF as a limited liability partnership (paragraph 1) and the nature of "walk through" evidence used to support the existence of controlled operating in practice (paragraph 4.2).

Resolved:

24.1 That the Report be noted.

25 Data Quality

The Committee considered Report No 236/07 which described the work undertaken by PKF on data quality at the Council and summarised PKF's findings. Mr Aynsley-Smith explained that data quality control was mandatory within the Audit Commission Code and that the review had been a three-stage process including a review of management arrangements, analytical review and a data quality spot-check (paragraph 1.2 of the Report).

The review had concluded that the Council's arrangements for securing the quality of data were performing well and the external auditors' 2006/2007 value for money conclusion was unqualified. Furthermore, there were no significant variances beyond plausible or permissible values and the two sampled indicators were fairly stated (paragraph 1.3 of the Report). Section 2 of the Report detailed PKF's findings. Appendix 1 detailed the Action Plan resulting from the review with the recommendations and the management responses from the Council. In response to councillors' questions, Mr Aynsley-Smith agreed that data inputters should understand the meaning of outcome figures. The Head of Audit and Performance also confirmed that, as part of Internal Audit processes, selected Performance Indicators were periodically reviewed. Systems varied to the degree they were automated, a factor taken into account when installing new systems. Mr Aynsley Smith explained to councillors that the timescale for surveys of housing stock (PI184) described in the report in the management response fell within the statutory guidelines. Councillors were aware of the increased volume of work necessary for officers to maintain or increase performance standards.

Resolved:

25.1 That the Report be noted.

26

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

The Council considered Report No 237/07 which informed councillors of the internal audit work of the Audit and Performance Division for the first seven months of

2007/2008 and informed councillors of the adequacy and effectiveness of the Council's system of internal control for that period.

The Head of Audit and Performance reported that the two electors who had objected to the Council's final accounts 2006/2007 had been advised by the Audit Commission that their objections had not been accepted as valid and the Audit Commission had asked for clarification of the objections before 4 December 2007.

The regular Report on the Council's Systems of Internal Control was recommended as CIPFA good practice. Paragraph 3 of the Report contained confirmation that the internal control standards at the Council in the opinion of the Head of Audit and Performance continued to be satisfactory. Table 1 within paragraph 4 of the Report showed variances of actual to plan audit days to date. The Head of Audit and Performance pointed out in particular that most of the computer audit work was back ended towards the later half of the Municipal Year and paragraph 4.7 to 4.14 of the Report described the audit work undertaken. Paragraph 4.19 of the Report confirmed the Head of Audit and Performance's opinion that the internal audit service at Lewes continued to be fully effective. With regards to risk mitigation, the Head of Audit and Performance checked Cabinet reports for risk management implications. The Audit Commission had identified the Council's system of management assurance as an example of notable practice which was published on the Audit Commission's external site as guidance for other authorities. From 2008 the Governance Statement would replace the Annual Statement of Internal Control within the Council's accounts. While external assurance on the Council's direction of travel, use of resources and internal control and governance were strong, the standards necessary to obtain above average scores continued to be raised.

The Head of Audit and Performance reported that arrangements with PKF allowed the continuing work on subsidy claims by internal audit resulting in a saving to the Council of perhaps £20,000 per annum. Internal audits on Housing Benefit claims for 2006/07 had been recently

signed off without qualification.

Resolved:

26.1 That the Report be noted.

27 Date of Next Meeting

A meeting has been scheduled for Monday 28 January 2008 at 2.30pm in Rooms 7&8, Southover House, Southover Road, Lewes

The meeting ended at **15:15** .

J M Harrison-Hicks Chair