

CHORLEY BOROUGH COUNCIL

Audit Committee

Present: Councillor Geoffrey Russell (Chair), and Councillors Magda Cullens and Keith Iddon

Officers Present: Gary Hall (Director of Finance), Donna Hall (Chief Executive), Garry Barclay (Audit and Risk Manager), Michael Jackson (Technical Finance Officer) and Dianne Scambler (Trainee Democratic Services Officer)

Also in attendance: Gareth Kelly (Audit Commission) and Mike Thomas (Audit Commission)

06.AU.01 APPOINTMENT OF CHAIR FOR THE MEETING

In the absence of the Chair and Vice Chair of the Committee it was necessary to appoint a Chair for this meeting of the Audit Committee.

It was proposed by Councillor Keith Iddon, Seconded by Councillor Magda Cullens and subsequently **RESOLVED That Councillor Geoff Russell be appointed to Chair this meeting of the Committee.**

06.AU.02 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Anthony Gee, Shaun Smith, Joyce Snape, John Wilson and Mary Wilson.

06.AU.03 DECLARATIONS OF ANY INTEREST

No declarations of interest were declared.

06.AU.04 MINUTES

RESOLVED – That the minutes of the meeting of the Audit Committee on 22 June 2006 be confirmed as a correct record for signing by the Chair.

06.AU.05 FINANCIAL STATEMENT YEAR ENDED 31 MARCH 2006

The Accounts Committee at its last meeting on 29 June 2006 had endorsed the Council's unaudited Financial Statement of Accounts for 2005/2006, which had subsequently been passed to the District Auditor for external audit.

The new terms of reference of the Audit Committee now enable the Statement of Accounts to be approved by this Membership and the Director of Finance submitted a report seeking approval from the Members of this Committee for the Council's amended Statement of Accounts for 2005/2006.

The Audit Commission had audited the accounts and made a number of amendments to comply with relevant disclosure requirements. In addition, there had been minor corrections to roundings and cross-referencing of figures.

A number of 'post balance sheet events' were reported on matters that had arisen after the balance sheet date but before the date of issue of the Statement of Accounts, on the following activities:

- Transfer of Housing Revenue Account assets following the Housing Stock Transfer in 2006/07.

- Section 106 contributions unapplied as at 31 March 2006
- Monies owing in respect of the Gillibrand Housing Development during 2006/07.

The Accounts comprised:

- Statement of Internal Control
- Consolidated Revenue Account
- Housing Revenue account
- Consolidated Balance Sheet
- Statement of Total Movements in Reserves
- Cash Flow Statement
- Collection Fund

Members raised their ongoing concerns regarding the current position of the Pension Fund. Whilst they realise that this was a national problem they sought clarification as to how this authority was addressing the situation.

The Chair commented that in our defence, some Civil Service Schemes were funded entirely by the employer unlike our scheme that does at least have an employee contribution.

The Director of Finance explained that the overall liability had reduced mainly as a result of performance on the investment markets and plans to increase the employer's contributions over the next triennial period. The overall deficit of the Lancashire Pension Fund was very low compared to other funds and they have established a management team to review the scheme on a continuous basis.

The Chair also commented on the Best Value Performance Indicator's and asked if it was possible to compare the Authority with the Private Sector in relation to project management to see how we fare.

The Chief Executive pointed out that this process does already happen and our project management process is a lot better than the private sector in a lot of cases.

The Chief Executive also reported that the Authority has been highlighted by the IDeA for our Project Management, PRINCE II. This process is being applied to all our projects making sure that all our methodology is of a consistent approach.

A question was raised as to the transfer of balances from the Housing Revenue Account after the transfer of the housing stock transfer. The Audit Commission explained that the Housing Revenue Account has to be kept open for one year, and then any balances will transfer to the Council thereafter.

RESOLVED – That the report be noted and that the Financial Statement of Accounts year ending 31 March 2006 be approved.

06.AU.06 ANNUAL GOVERNANCE REPORT

The District Auditor Mr Mike Thomas of the Audit Commission submitted their Annual Governance Report covering the audit of the Authority for the year ended 31 March 2006. The report summarised the significant findings, conclusions and recommendations that had arisen from their audit work.

The District Auditor outlined the key messages of the report that related the financial statements and the Council's use of resources.

The work on the financial statements is now substantially complete and subject to the satisfactory conclusion of the work outstanding the Audit Commission anticipate the issuing of an unqualified opinion by 29 September 2006.

A small number of presentational or technical amendments and one material amendment relating to S106 Agreement contributions had been identified, none of

which had had the effect of adjusting either the revenue outturn or the working balances of the Authority.

The report also highlighted the need for a review of related parties disclosures and advice was given to improve on our control procedures documentation in relation to IT systems or programme changes.

The Statement of Internal Control complied with the requirements specified by CIPFA and once the Audit Commission are in receipt of the letter of representation from the Authority signed by the Leader of the Council and the Director of Finance the opinion on the financial statements year ending 31 March 2006 will be issued.

The Authority had met the minimum standard for the twelve different criteria's in its use of resources. It had performed well in a number of areas and in particular had good arrangements in place for value for money and asset management.

The District Auditor commented that the Authority had taken a positive and constructive approach to the audit and thanked all those concerned for their assistance and co-operation.

RESOLVED – That the report be noted.

06.AU.07 INTERIM REPORT ON INTERNAL AUDIT ACTIVITIES AS AT 8TH SEPTEMBER 2006

The Director of Finance submitted a report to advise Members of the work undertaken in respect of the Annual Internal Audit Plan during the initial five months of 2006/07.

The report also highlighted details of reviews, investigations and other Internal Audit activities during this period as follows:

- Ethical Governance, Key Financial Systems, Win Time System and LSVT Pre-Ballot Publicity Reviews.
- Undertaking of a “desk top” self-assessment of the Council's current position in relation to the Audit Commission's new CPA Key Lines of Enquiry (KLoE).
- Production of a detailed action plan to address the recommendations made by the audit Commission in their Use of Resources report.
- Finalised the draft Whistle Blowing Policy
- Established a new electronic version of the Officers' Register of Disclosures.

Members also discussed the draft terms of reference for the new Corporate Governance Board that has been set up in line with the recently issued CIPFA guidance that directed Audit Committees to adopt wider terms of reference to oversee governance at Member level.

RESOLVED – That the report be noted.

Chair