

## **Report of Audit Committee**

### **General Report**

1. This report summarises briefly the principal elements of the items discussed at the meeting of the Audit Committee held on 24<sup>th</sup> September 2009.

### **Statement of Accounts for 2008/09**

2. The Committee considered a report of the Assistant Chief Executive (Business Transformation) seeking our approval of the Audited Statement of Accounts for 2008/09, following the Statement's initial endorsement at the 24<sup>th</sup> June meeting.
3. Other than a few minor presentational issues, the Auditors had recommended adjustments in respect of the following two matters, neither of which was considered to be "material" for reporting purposes:
  - The combination of certain factors has led the Icelandic Landsbanki administrators to predict that the likely payment to creditors will fall from 95% to 83%. This could result in an increase of £195,000 in Chorley's impairment charge, which will be offset by an anticipated increase of £100,000 in the interest brought into the account.
  - Creditors valued at £665,000 incorrectly analysed as "sundry" relates to amounts due to other authorities.
4. We noted the Audit Commission's intention to issue an unqualified audit opinion on the Statement of Accounts and after taking account of this intention and the Audit Commission's Annual Governance Statement, the Committee approved the final 2008/09 Statement of Accounts for signature by myself, the Executive Leader and the Assistant Chief Executive (Business Transformation).
5. During the Committee's discussion on the Accounts, reference was made to the Auditors comments on the current state of the Lancashire Pension Fund and the necessity to make incremental rises in employers' contributions. This prompted the Committee to request the Executive Cabinet to consider, as part of the impending triennial review, any action deemed necessary to address and mitigate the impact of any future shortfall in the Pension Fund. The Executive Cabinet's response to our concern is outlined in the Cabinet's General Report to Council.

### **Annual Governance Report for 2008/09**

6. The Committee received the Audit Commission's draft Annual Governance Report which summarised the Commission's substantially complete 2008/09 audit. The draft report showed that the Council was performing

well, but the assessments were subject to final quality assurance and agreement with the Council.

7. The report referred to the specific risks and key areas of judgement that have been taken and confirmed that the Auditors had been satisfied that none of the identified issues had impacted on the Council's overall outturn.
8. The Audit Commission's draft assessment of Chorley's Use of Resources aims to judge how well the Council manages and uses its resources to deliver value for money and better sustainable outcomes for local people. 2008/09 was the first year which the Commission's new methodology in evaluating Use of Resources was adopted.
9. The Audit Commission had concluded that the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources are adequate.
10. In conclusion, the Audit Commission's report stated that as its 2008/09 audit of Chorley was substantially complete, it expected to issue an unqualified conclusion on the Council's value for money arrangements and an unqualified opinion on the audit by 30<sup>th</sup> September 2009, both of which were welcomed by the Committee.

#### **Annual Inspection Fees for 2009/10**

11. Following the Audit Commission's notification at the June 2009 meeting of its projected fees for audit work planned for 2009/10, we were informed that the Commission's total indicative fee for inspection work planned in the current financial year has been calculated as £8,320.
12. We were assured, however that the projected fees will be reviewed in order to take account of the impact of the Shared Services venture. Although it will still be necessary for the Commission to audit separate accounts from both Chorley and South Ribble Councils, the fact that the auditors will be dealing with the same Officers in some instances may justify some economies to be made.

#### **Internal Audit - Interim Report on 2009/10 activities.**

13. The Committee received and noted the Head of Shared Assurance Services' interim report on the progress of the work undertaken in respect of the 2009/10 Annual Internal Audit Plan between 1<sup>st</sup> April and 28<sup>th</sup> August 2009.
14. Appendices to the report provided both a general summary of the overall progress made in relation to the 2009/10 Internal Audit Plan, together with a more detailed analysis of the projects undertaken to date, confirming that the Internal Audit Section was on course to complete its Audit Plan by the end of the financial year.

15. A separate appendix provided information on the performance of the Internal Audit Section up to the end of August 2008, as judged against indicators based on work undertaken by the UK public sector audit agencies in 2007, following service user and staff consultation. Similarly, the report confirmed that the majority of measures were either on or around target.

**Recommendation**

16. The Council is recommended to note the report.

COUNCILLOR ANTHONY GEE  
Chair of Audit Committee

There are no background papers to this report.

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