

Audit Committee

Thursday, 14 January 2010

Present: Councillor Anthony Gee (Chair), Councillor Laura Lennox (Vice-Chair) and Councillors Marie Gray, Debra Platt, Keith Iddon and Geoffrey Russell.

Officers Present: Donna Hall (Chief Executive), Gary Hall (Assistant Chief Executive (Business Transformation)), Garry Barclay (Head of Shared Assurance Services), Clare Ware (Shared Financial Services Internal Audit Manager), Andy Armstrong (Shared Financial Services Risk Manager), Jan Minchinton (Principal Auditor (Chorley)) and Tony Uren (Democratic and Member Services Officer).

Also in attendance: Fiona Blatcher (Engagement Lead, Audit Commission) and Michael Green (Temporary Audit Manager).

10.AU.32 DECLARATIONS OF ANY INTERESTS

There were no declarations of interest in any of the items on the meeting's agenda by any of the Committee Members.

10.AU.33 MINUTES OF LAST MEETING

RESOLVED – That the minutes of the meeting of the Audit Committee held on 24 September 2009 be confirmed as a correct record for signature by the Chair.

10.AU.34 ANNUAL AUDIT LETTER, 2008/09

The Chair welcomed Fiona Blatcher (Engagement Lead) and Michael Green (Temporary Audit Manager) from the Audit Commission who presented the external auditor's Annual Audit Letter, which summarised the findings of the Audit Commission's audit of the Council's accounts for 2008/09 and its assessment of the Council's arrangements to secure value for money in its use of resources. A separate report had been issued on the Council's use of resources (considered at a later agenda item) and the Commission's Inspection Letter had this year been published on the Commission's website.

Following close liaison with the Officers involved in the Council's shared financial services arrangement with South Ribble Council, the Audit Commission had issued an unqualified opinion on the Council's financial statements for 2008/09. The Commission had also issued an unqualified conclusion on the Council's value for money arrangements, awarding the maximum overall score of 4 for the Council's use of resources in recognition of its excellent performance in demonstrating innovative practices in delivering positive outcomes for the local community.

The Director of Transformation indicated that the positive messages contained within the Audit Letter recognised the skills and competencies of Members and Officers in managing and utilising its resources wisely and targeting the resources to appropriate priority areas. The Chief Executive also referred to the outcome of a recent staff survey which had revealed a high level of satisfaction amongst staff amidst a background of several restructures.

The Committee Members noted that the Audit Letter did not contain any recommended means by which the Council could make further improvements. In response, Fiona clarified that the Audit Commission had been satisfied that the Council were committed to the delivery of excellent services and continually monitored outcomes to ensure that improvements were made in those areas where performance

was deemed to be inadequate. The maximum score of 4 was awarded only to Councils providing excellent service that could be shared as best practice with other authorities. In this context, the Chief Executive confirmed that the Council hoped to liaise with the Audit Commission in offering to share Chorley Council's experience and achievements with other authorities.

RESOLVED – that the Audit Letter for 2008/09 be noted and that the Committee's appreciation of the commitment and performance of Officers in the delivery of a high level of service be conveyed to the Council's staff.

10.AU.35 USE OF RESOURCES 2008/09

The Committee received and considered the Audit Commission's report on its assessment of the Council's management and use of resources to deliver value for money and sustainable outcomes for local people. The assessment, forming part of the new Comprehensive Area Assessment (CAA) regime, had entailed a more stringent test than previous years, with a stronger focus on the achievement of positive outcomes.

The Committee was pleased to note that the Council had been awarded the maximum score of 4 for its use of resources in recognition of the Authority's overall excellent performance. Chorley was one of only two District Councils, and five authorities nationally, to achieve the top score of 4.

Fiona highlighted that the Council had, in particular, demonstrated strong innovative practices in its:

- use of activity based costings to identify services that were not adding value and transferring resources to other priority areas;
- use of data and information generally;
- effective partnership working and Member engagement;
- overall approach to workforce planning and management.

RESOLVED – That the Use of Resources report be noted.

10.AU.36 ORGANISATIONAL ASSESSMENT 2009

The Committee received and considered the Organisational Assessment report published by the Audit Commission in December 2009 to inform and complement the Comprehensive Area Assessment report.

The assessment examined how the Council measured and took action to achieve its corporate priorities and how it continually monitored and reviewed performance to ensure that services were improved, whenever necessary, to achieve the priorities.

The Council's excellent performance had been rewarded with a maximum score of 4 for its management of performance. The auditors had been satisfied that the Council was providing high quality services and delivering the priorities that local people had identified as important. The report referred to the challenges facing the Council and its partners, in areas such as housing and health, but accepted the work that was proceeding to address the issues.

The Vice-Chair drew attention to the need to target resources towards the most deprived areas of the Borough and a Member questioned the action being taken to promote an active and healthy lifestyle for residents. In response, the Chief Executive reminded the Members of the Council's support of numerous exercise and activity programmes (eg over-50s activities, tea dances, organised walks, healthy eating campaigns etc). Members' attention was also drawn to the likely effectiveness of

representations to the Central Lancashire Primary Care Trust urging more resources to be directed towards preventative measures, in addition to the treatment of illnesses.

RESOLVED – That the Organisational Assessment report be noted.

10.AU.37 STRATEGIC RISK UPDATE REPORT

The Head of Shared Assurance Services presented a progress report on the implementation of projects and actions contained within Directorate Business Improvement Plans which sought to address the risks and opportunities in the 2009/10 Strategic Risk Register.

Appendix 1 to the report detailed the risks and opportunities related to the achievement of the Council's strategic objectives and the actions planned to mitigate the risks. Appendix 2 identified the current status of the planned actions, showing that the vast majority were on track and being managed effectively and thus rated 'green'. Only four strategic risks had been rated 'amber', but corrective action was being taken to bring the projects back on track.

The Shared Financial Services Risk Manager advised the Committee that the Strategic Risk Register was currently being reviewed to identify both the risks that could reasonably be deleted and other risks associated with new projects that should be added to the Register.

In response to the Director of Transformation's query, Committee Members confirmed their acceptance of the current practice of presenting periodic progress reports on the monitoring of the Strategic Risk Register, but hoped that future reports would clarify the actions taken to retain projects on track.

RESOLVED – That the progress report be noted and that an A3 colour copy of the Strategic Risk Register be supplied to the Audit Committee members.

10.AU.38 INTERNAL AUDIT - INTERIM REPORT ON 2009/10 ACTIVITIES

The Head of Shared Assurance Services submitted the second interim report on the progress of the work undertaken in respect of the Annual Internal Audit Plan between April and November 2009.

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. The Chief Executive highlighted the need for flexibility in the implementation of the Audit Plan, to ensure that priorities could be altered according to circumstances and new audit projects added as necessary.

The report sought authority for the deferment of a number of audit projects to the 2010/11 Internal Audit Plan. A number of the audit subjects had been included in other recent assessments or reviews and the postponement of the audit of the Refuse Collection/Recycling contract was to allow a sufficient operating period before a meaningful review.

The Shared Financial Services Internal Audit Manager also informed the Committee that, following the recent annual assessment, the Shared Financial Services Internal Audit section had been awarded the international standard ISO 9001, with no areas for improvement having been identified. The Chair congratulated the team on its accreditation achievement.

RESOLVED – 1. That the report be noted.

2. That approval be given to the deferment of the audit reviews of Contract Standing Orders, Asset Management, the Refuse Collection/Recycling Contract and Equality and Diversity issues to the 2010/11 Audit Plan.

Chair