

REPORT OF AUDIT COMMITTEE

GENERAL REPORT

1. This report summarises briefly the items considered and decisions taken by the Audit Committee at its meeting on 18 March 2010.

Certification of claims and returns – Annual Report for 2008/09

2. The Committee received and noted a report from the Audit Commission on the outcome of its work to review and certify three major claims made by the Council for Government grant aid in 2008/09.
3. The Borough Council receives in excess of £22m from Government funding Departments and is responsible for the collection of approximately £20m of non-domestic rates which is paid into the national pool, both of which are subject to external audit certification.
4. The Council needs to demonstrate to the Audit Commission that the relevant conditions applying to the grant claims have been met and that the application process has been managed satisfactorily, otherwise the funding could be put at risk.
5. The Audit Commission has reviewed three claims for grant funding with a total value of £42.5m submitted by Chorley Council in 2008/09. The auditors' report and certification of the claims and returns made only one minor amendment to correct a classification error and has not identified any areas of concern.

Implementation of International Financial Reporting Standards (IFRS) in Local Government

6. The Committee were presented with a briefing note which had been issued by the Audit Commission to all local authorities and Finance Portfolio Holders to raise awareness of the need for authorities to ensure that their 2010/11 accounts are compiled in accordance with both substantial new procedures stipulated within the international standard and the CIPFA timetable set out in the auditors' report.
7. The Director of Transformation highlighted a number of issues that are being addressed and confirmed that the preparation of the Council's accounts for 2010/11 is on track.

Assurance Services Strategy for 2010/11

8. We considered and approved for implementation a Strategy for the Shared Financial Services in 2010/11.
9. The Shared Financial Services Service Level Agreement and the CIPFA Code of Practice requires the annual production and update of strategies for Internal Audit and Risk Management. The new Strategy has been compiled to take account of the core purpose and guiding principles for the strategic direction of the Shared Financial Services initiative as a whole, and sets out a strategy and detailed work programme for the Assurance Service, which, in addition to the above two work streams, also encompasses Emergency and Business Continuity Planning and Insurance services.

Internal Audit Plan for 2010/11

10. The Head of Shared Financial Services presented a draft Internal Audit Plan for 2010/11.
11. The Plan summarises the work to be undertaken by the Audit staff under a number of identified priority areas to be reviewed during the financial year and outlines the respective roles of managers and the Internal Audit Section in maintaining a sound system of governance and internal control within the Council.
12. The Plan envisages that an internal audit resource equivalent to 485 days will be allocated for the audit work within each of the Chorley and South Ribble districts, with an additional 155 days work devoted to the audit of the Shared Services function.
13. Following an assurance that the Plan includes provision for the review of any unplanned, urgent items that may require attention during the forthcoming year, the Committee approved the Internal Audit Plan for adoption.

Fraud Risk Management

14. The Head of Shared Assurance Services presented the Committee with a report on the outcome of a recent review by the Risk Management Team to identify exposure to the risk of fraud both corporately and within individual services.
15. Both the Audit Commission and the Chartered Institute of Public Finance and Accountancy have produced guidance on measures which local authorities are recommended to have in place to maximise the prevention of fraud. The recent review has been conducted both to ensure that the Council's procedures and arrangements comply with the published guidelines and to monitor implementation of the remaining actions in the Council's Fraud and Corruption Risk Register.
16. The review has resulted in the compilation of a revised action plan aimed at ensuring the completion of 15 outstanding actions identified within the Fraud and Corruption Risk Register.
17. Largely as a result of the effective measures and procedures that have been put in place, there have been relatively few instances of fraud within the authority and the Committee members supported my expression of thanks to the Risk Management Section for its diligence over past years.

Recommendation

18. The Council is recommended to note this report.

COUNCILLOR ANTHONY GEE
Chair of Audit Committee

There are no background papers to this report.

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