

REPORT OF AUDIT COMMITTEE

GENERAL REPORT

1. This report gives a brief summary of the items discussed at the meeting of the Audit Committee held on 26 June 2008.

External Audit and Inspection Plan, 2008/09

2. The members of the Audit Commission's Inspection Team for Chorley (Fiona Blatcher (Engagement Lead) and Tony Hough (Audit Manager)) attended the meeting to present the Commission's Audit and Inspection Plan for 2008/09. The Plan set out the audit and inspection work that the external auditors proposed to undertake during the current financial year and is based on the Audit Commission's risk-based approach to audit planning and, significantly, the issues of particular relevance as we move towards the new Comprehensive Area Assessment (CAA) regime.
3. 2008/09 will be the last year in which Corporate assessments and programmed service inspections will be undertaken as part of the Comprehensive Performance Assessment (CPA), as, from April 2009, the Audit Commission, along with other public service inspectorates, will be implementing a Comprehensive Area Assessment. This will cover the whole of Lancashire (including the Unitary Authority areas of Blackpool and Blackburn with Darwen) and will incorporate the performance of the key partner bodies.
4. The Audit Commission's work is based upon its assessment of risks and performance and the audit plan for 2008/09 has taken account of the local risk that exists in respect of the new financial shared service arrangement with South Ribble Borough Council and targeted work to assess the arrangements in place both jointly and individually to address any risks from the shared services arrangement. The audit planning process will continue to be revised throughout the year and amended accordingly to include any significant new local risks that may arise.

Data Quality – Update on Progress

5. The Committee noted a report of the Assistant Chief Executive (Policy and Performance) on the significant progress made by the Council in respect of its data quality arrangements in order to ensure that its performance monitoring and reporting processes were robust and effective.
6. Processes focused around the Community and Corporate Strategies have been strengthened, which will provide a sound basis and platform for the introduction of the new national indicators in 2008/09 to replace Best Value Performance Indicators (BVPIs).
7. The Council's data quality arrangements address a set of standards produced by the Audit Commission (known as Key Lines of Enquiry (KLOE)). The report identified the data quality KLOEs to be used by the Audit Commission to judge the Authority's performance in delivering data quality, together with an update on the progress made against each KLOE over the last 12 months.

Internal Audit Report for 2007/08

8. The Committee received a report of the Assistant Chief Executive (Business Transformation) which summarised the work undertaken by the Internal Audit Section during the 2007/08 financial year.
9. An Appendix to the report schedules each area of internal audit work undertaken, giving opinions on the adequacy of control for each individual area. A second appendix sets out key

performance data, indicating that 17 internal audit reports, containing 75 agreed recommendations have been produced over the past year. On the basis of the work completed, it is the Internal Audit's opinion that the Council continues to operate within a sound control environment.

10. An update of the self-assessment of internal audit also reveals that the Section continues to operate within the CiPFA Code of Practice.
11. The report demonstrates the successful delivery of the 2007/08 internal audit programme of work and concludes that the Council's governance and control environment continues to be effective.
12. The Committee accepted the report and requested a further report to the next meeting to clarify the action plan developed to mitigate the weaknesses identified in the Fraud Risk Register.

Annual Accounts and Governance Statement for 2007/08

13. The Audit Committee received reports from the Assistant Chief Executive (Business Transformation) seeking (a) approval to the Financial Statement for 2007/08, which set out the draft accounts for the financial year; and (b) endorsement of the associated Annual Governance Statement.
14. The Financial Statement for 2007/08 shows that, in overall terms, the financial standing of the Council remains good. Working balance (including the sum transferred from the Housing Revenue Account surplus) are beyond the range identified in the Council's Financial Strategy, but the Executive Cabinet has agreed to maintain the current level in the light of the present uncertainties relating to a number of budgetary factors (e.g. the ultimate costs of the concessionary travel scheme) and the need for the Authority to remain financially strong.
15. The Assistant Chief Executive also presented the draft Annual Governance Statement for 2008 with an assurance that the Statement has been compiled in accordance with the prevailing CIPFA/SOLACE guidelines. The Statement confirms that the significant governance issues identified in the 2006/07 Governance Statement have been rectified, with the exception of on-going work in respect of the Financial Shared Services project, business continuity planning and asset registers.
16. Following a comprehensive debate on both Statements, the Committee (a) endorsed the Annual Governance Statement for 2007/08 for formal signing off by the Executive Leader and the Chief Executive; and (b) approved the submitted Financial Statement for 2007/08 for submission to the External Auditors.

Recommendation

17. 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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