

# Audit Committee

Thursday, 19 March 2009

**Present:** Councillor Anthony Gee (Chair), Councillor Laura Lennox (Vice-Chair) and Councillors Alan Cain, Mike Devaney and Geoffrey Russell

**Officers Present:** Gary Hall (Assistant Chief Executive (Business Transformation)), Andrew Docherty (Corporate Director of Governance), Garry Barclay (Head of Shared Assurance Services), Andy Armstrong (Shared Financial Services Risk Manager), Clare Ware (Shared Financial Services Internal Audit Manager) and Tony Uren (Democratic and Member Services Officer)

**Also in attendance:** Tim Watkinson (Acting District Auditor, Audit Commission) and Tony Hough (Audit Manager, Audit Commission)

## 09.AU.08 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor Keith Iddon.

## 09.AU.09 DECLARATIONS OF ANY INTERESTS

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

## 09.AU.10 MINUTES OF LAST MEETING

**RESOLVED -** That the minutes of the meeting of the Audit Committee held on 15 January 2009 be confirmed as a correct record and signed by the Chair.

## 09.AU.11 ANNUAL AUDIT AND INSPECTION LETTER FOR 2007/08

The Chair welcomed Mr Tim Watkinson (Acting District Auditor) and Mr Tony Hough (Audit Manager) from the Audit Commission who presented the external auditor's Annual Audit and Inspection Letter, which summarised the areas examined and outcomes of the Audit Commission's work on the Council's activities in 2007/08.

The Committee was pleased to note the generally positive tone of the report which commended the Authority on (i) its achievement of an excellent Comprehensive Performance Assessment rating; and (ii) Beacon Status for 'Transforming Services through Citizen Engagement and Empowerment' and 'Better Outcomes for People and Places'. The Council had also retained the highest score of 4 out of 4 for its use of resources.

The letter did, however, draw attention to the additional pressures that the Council would face as a result of the economic downturn, which would need to be addressed, especially in areas where demands for services and costs were increasing. The need for greater concerted efforts to be made through collaborative partnership working to reduce the level of health inequalities across Lancashire had also been highlighted.

While appreciating the Auditor's positive messages, Members' comments focused around the following issues:

- The Audit Letter stated that, while progress had been made in 2008/09 to exceed the Local Area Agreement target for the provision of affordable housing units, the number of units provided in 2006/07 and 2007/08 was

below the target figure of 125. Whilst appreciating that many local authorities were experiencing difficulties in achieving targets for affordable housing units, the Committee Members considered that it would be appropriate to seek the Executive Cabinet's views and plan of action for measures to ensure that the overall targets were achieved ultimately.

- The discussion with the Primary Care Trust and other relevant agencies on appropriate measures to reduce the level of health inequalities should also take account of the necessity to balance the provision of care of the elderly with the provision of services for young people.
- In response to Members' queries, Tim Watkinson explained the rationale and principal elements of the new Comprehensive Area Assessment regime, which would examine the outcomes of the Lancashire Authorities' collaborative working with their respective partners (eg Lancashire County Council, Police, PCT). The assessment process would entail an examination of identified priorities; progress on the delivery of the priorities; and action to address any apparent problems. The Area Assessment would also incorporate a review of the Council's internal organisation. In this context, the effectiveness of the role of the Chorley Local Strategic Partnership in dealing with the issues and problems particular to the Borough would be paramount.

At the conclusion of the debate, the Chair thanked Mr Watkinson and Mr Hough for their attendance and contribution to the meeting, indicating that the Council would need to strive to achieve year on year improvements if it was to retain its highest score.

**RESOLVED** - That the Audit and Inspection Letter for 2007/08 be noted and that the Executive Cabinet be recommended to take account of the Members' expressed views.

#### **09.AU.12 INTERNAL AUDIT PLAN FOR 2009/10**

The Head of Shared Assurance Services presented the draft Internal Audit Plan for 2009/10.

The Plan summarised the work that would be undertaken by the Audit staff under the following priority areas to be reviewed during the financial year and outlined the respective roles of Managers and the Internal Audit Section in maintaining a sound system of governance and internal control within the Council:

- Corporate Governance;
- Anti-Fraud and Corruption;
- Review of Key Business Systems;
- Review of any significant risks associated with ICT;
- Review of Financial Systems;
- Review of Key Operations;
- Review of other General Areas.

The Plan envisaged that an internal audit resource equivalent to 550 days would be allocated for the audit work within each of the Chorley and South Ribble districts, with an additional 130 days work devoted to the audit of the Shared Services function. It was expected that the total costs of the internal audit exercise would broadly be shared equally by the two authorities.

**RESOLVED** - That the Internal Audit Plan for 2009/10, as now presented, be approved for adoption.

### **09.AU.13 DRAFT STRATEGIC RISK REGISTER, 2009/10**

The Committee received and considered a comprehensive summary of the Strategic Risk Register for 2009/10, which had been prepared by the Head of Shared Assurance Services to take account of the refreshed Community Strategy.

The document identified the strategic priority objectives of the Council; the anticipated long-term outcomes; the key strategic risks that have been identified in respect of each objective; and the actions and measures required to mitigate the risks.

The Committee was assured by the Shared Financial Services Risk Manager that appropriate performance management tools would be employed to ensure that the agreed actions were addressing the identified risks satisfactorily. Regular update reports would be presented to future meetings of the Committee.

**RESOLVED -** (1) That the 2009/10 Strategic Risk Register, as now presented, be approved and adopted.

(2) That all Councillors be provided with a copy of the Strategic Risk Register sheet.

Chair