

**BRECKLAND COUNCIL**

**At a Meeting of the**

**AUDIT COMMITTEE**

**Held on Friday, 13 March 2009 at 10.00 am in  
Anglia Room, Conference Suite, Elizabeth House, Dereham**

**PRESENT**

Mr R.P. Childerhouse  
Mr P.J. Hewett

Mr C.R. Jordan (Chairman)  
Mr R.G. Kybird

**Also Present**

Lady Fisher

**In Attendance**

Robert Barlow  
Chris Brooks  
Melanie Buttery  
Leah Collett  
Mark Finch  
Elaine Wilkes

- Assistant Director (Governance)
- Senior Performance Analyst
- Governance & Performance Accountant
- Deputy Audit Manager
- Head of Finance
- Senior Member Services Officer

**11/09 MINUTES**

The minutes of the meeting held on 9 January 2009 were confirmed as a correct record and signed by the Chairman.

Updates were given on the following items:

- (a) Appointment of Independent Member (Minute 7/09) – The advertisement had been drafted, together with the Person Specification, copies of which were circulated for members' information. The Committee endorsed the content of the two documents, subject to a minor grammatical correction.
- (b) Icelandic Banks – The Assistant Director advised that no information was yet available as to any prospective dates or amounts for return of the Council's investments. A process review was commencing in the Icelandic Courts. The British Administrators were not willing to offer advice on the credit status at the present time. However, the position was beginning to look a little more positive.

**12/09 APOLOGIES**

Apologies for absence were received from Mr. M. Fanthorpe and the Head of Internal Audit.

**13/09 URGENT BUSINESS**

There were no items of urgent business.

**Action By**

**14/09 DECLARATION OF INTEREST**

None made.

**15/09 NON-MEMBERS WISHING TO ADDRESS THE MEETING**

Lady Fisher, Executive Member for Governance, was in attendance.

**16/09 INTERNAL AUDIT TERMS OF REFERENCE, CODE OF ETHICS, AUDIT STRATEGY, STRATEGIC & ANNUAL AUDIT PLANS AND SUMMARY OF INTERNAL AUDIT COVERAGE FOR 2009-10 (AGENDA ITEM 6)**

The report was presented by the Head of Finance on behalf of the Head of Internal Audit. The Deputy Audit Manager was in attendance to answer questions.

The report explained the statutory requirements and standards under which the audit service operated and set out the proposed Terms of Reference and strategic and annual plans for the service.

The Terms of Reference explained the various roles and arrangements of the internal audit function and underlined the impartiality of the function. It also set out the scope of the work and delivery through a five-year plan.

The Code of Ethics outlined the minimum standards for the performance and conduct of the auditors in relation to the four guiding principles of integrity, objectivity, competence and confidentiality.

The Internal Audit Strategic and Annual Plans had been drafted to provide flexibility in an environment that was frequently subject to change.

Members noted that the Strategy and other documents were predominantly based on CIPFA models and were considered to be straight-forward.

It was explained that the revisions to the various documents had been made in consultation with the Head of Finance and Section 151 Officer.

A new section in the process was the provision of an overview of the objectives of audits to be carried out during the coming year, which it was hoped would provide a useful management tool and give greater clarity to the Committee as to the general focus of audit arrangements in the year ahead.

It was asked whether there was a need to include an audit of Development Services in light of the outsourcing of that function. In answer, the Head of Finance explained that this was included in the Strategic Plan for next year. The project was presently subject to the due diligence process, which should set out the requirements to be expected from the contractor and a period of time was needed to allow the control environment to bed in.

It was also noted that the report had also been subject to the risk assessment process.

**Action By**

**Action By**

**RESOLVED** that the following Internal Audit documents be approved:

- Terms of Reference 2009-10
- Code of Ethics 2009-10
- Audit Strategy 2009-10
- Strategic Audit Plan 2009-10 to 2013-14
- Annual Audit Plan 2009-10
- Summary of Internal Audit Coverage 200910

**17/09 INTERNATIONAL FINANCIAL REPORTING STANDARDS  
(STANDING ITEM) (AGENDA ITEM 7)**

The Head of Finance reported on the latest position regarding the introduction of the IFRS-based Code of Practice on Local Authority Accounting, which would apply to local authority accounts from 1 April 2010. CIPFA/LASAAC (the Board that approves the Code) was currently reviewing the Codes of Practice and, to date, 10 out of an existing 50 Guidance Notes had so far been updated.

CIPFA had issued a bulletin on the suggested implementation plan and it was proposed that this be loosely adopted and adapted as necessary.

Under the new governance framework, CIPFA/LASAAC would remain the accounting standard setter for local authorities. The Code would also continue to be the authoritative source of accounting guidance for local authorities, although it would no longer be termed as a Statement of Recommended Practice (SORP).

The Head of Finance explained that as soon as the accounts had been finalised with Audit, work could commence on the statement for next year.

A member expressed his concern that no guidance had yet been issued. The Head of Finance felt it was unlikely that the implementation date of 1 April 2010 would be put back.

It was expected that PFI would come back onto the balance sheets, which might impact on the Council's debt-free status and was something that needed to be kept under review. The SORP update for 2009 had already been done.

A recent workshop on IFRS attended recently had highlighted that the new standards would increase the complexity of the accounting requirements, with a consequent need to expand the numbers of explanatory notes in the budget.

Collection Fund accounting would also change next year.

The key factor, however, was the position regarding PFI.

The Chairman asked whether any preparations could be made in advance of what was expected. The Head of Finance answered that the Council needed to be aware of the proposals. Officers would want to prepare the new balance sheet on the close down of the accounting period. Some parts of the SORP had already been amended in line with the IFRS, such as accounting for financial instruments.

**Action By**

So far as the position regarding PFI was concerned, the Committee pointed out that the validity of the commercial decision taken had not changed.

The position was noted.

**18/09 PARTNERSHIP REVIEW ACTION PLANS (AGENDA ITEM 8)**

The report on progress of the various Partnership reviews was noted.

So far as the ARP was concerned, it was noted that there was an element of duplication between the ARP and the trading company (ARPT), which was being looked at and discussed through the ARP Joint Committee.

**19/09 QUARTER 3 GOVERNANCE REPORT RISKS (AGENDA ITEM 9)**

The Governance and Performance Accountant presented the report and explained that, in order to ensure the timely presentation of the most up to date information to Members, it was proposed that future reports should be circulated by e-mail, enabling Members to raise questions for consideration at the next following meeting of the Committee.

Members indicated that they would be happy to have reports presented on-line at meetings but were more concerned to ensure that risks were kept updated and had been acted upon and resolved, rather than whether information in reports to them was somewhat out of date.

The Assistant Director questioned the statement in the item on Increased Likelihood Score for R CAB 05 that it was unlikely that a level 3 would be awarded under the new CAA UoR 2009 Assessment. The Governance and Performance Accountant explained that the report reflected the information available at the time it was written.

The Assistant Director stated that since the report had been drafted, officers were more confident that the Council would maintain its position as a high performing Council.

The report was noted.

**20/09 NEW RISKS ADDED TO REGISTER (AGENDA ITEM 10)**

A member was of the view that the financial risk attached to the item relating to the Co-Op Bank was less than the level 3 score given.

The report was noted.

**21/09 NEXT MEETING**

The arrangements for the next meeting on 12 June 2009 were noted.

**Closing Remarks**

The Head of Finance announced that the Governance and Performance Accountant was leaving the Council to take up a position with Norfolk Constabulary. The Chairman and Members of the Committee joined with officers in thanking Miss Buttery for all her work on behalf of the Council, in particular in the development of the risk management process, and wished her good luck and every success for the future.

**Action By**

The meeting closed at 10.40 am.

CHAIRMAN