

**MINUTES OF THE AUDIT COMMITTEE**  
**Wednesday, 20<sup>th</sup> June 2007 at 7.00 pm**

PRESENT: Councillor Cummins (Chair) and Councillor J Moher.

Apologies for absence were received from Councillor HM Patel.

**1. Declarations of Personal and Prejudicial Interests**

None.

**2. Minutes of the Previous Meeting**

RESOLVED:-

that the minutes of the previous meeting held on 26<sup>th</sup> March 2007 be approved as an accurate record.

**3. Internal Audit Plan for 2007/08, Joint Audit and Inspection Plan 2007/08**

The Committee received a report on the internal audit and joint audit inspection plans for 2007/08. This set out the proposed work programmes for both the internal and external auditors. It was explained that this was to ensure they could work closely together and avoid duplicating work.

Auditors from the Audit Commission were introduced who went on to explain the change of external auditors from PricewaterhouseCoopers (PwC) to the Audit Commission, their plans for the year and their experiences auditing other councils and organisations.

The Audit Committee outlined the main areas of planned work for the coming year, including review of Human Resources and Cultural Services, and highlighted the summary briefs contained in the report and its appendices.

During discussion on the internal audit plan, it was noted that the work plan had been put together after discussion with the external auditors, the Audit Commission, and officers from departments across the council and that the plan would be updated over time as new demands became apparent. Officers explained that updates on the plan and reports on individual audits would be presented to the Committee at regular intervals and Members were encouraged to question officers about progress and to raise any concerns that arise.

It was also noted that due to the change in external auditors from PwC to the Audit Commission it was important to ensure that relevant knowledge was transferred to the new auditors. Officers expressed the view that the transfer of auditors was progressing well but that this, along with overall resource levels would be continuously monitored.

Finally, Members requested that the auditors paid close attention to the financial management of all schools within the borough and officers responded that this was an important area that would be examined regularly.

**RESOLVED:-**

that the Audit Committee note the content of the report in its role as defined in the constitution: "To consider ... the strategic and annual audit plans, and consider the level of assurance these can give over the council's corporate governance arrangements."

**4. Risk Management at Brent**

Officers provided a, well received, training briefing on risk management that included a brief overview of risk management as a process and then looked in more detail at specific areas including strategic, compliance, financial, operating and partnership risks and how to control them. The risk management cycle was explained and options to identify, evaluate, control and eliminate risks were outlined. The training concluded that risk management was critical to the effective overall management of the council and that the Audit Committee had an important role in overseeing the Council's risk management controls.

Officers then introduced the Risk Management at Brent report highlighting its importance, methods used to measure risks and proposed developments of new software and systems. Officers also expressed a desire to improve the consistency of risk assessments and hierarchy of risks across the council. Officers explained that it was planned to report on risks regularly to both Full Council and the Audit Committee.

A discussion followed during which it was agreed that it was important for the council to manage risks but not to become too risk averse. It was also noted that some major issues such as partnership risks have yet to be added to the register and that contingency plans would need to be developed and tested to cover for major risks.

**RESOLVED:-**

- (i) that the report be noted;
- (ii) that the revised risk strategy in Appendix 2 of this report be endorsed;
- (iii) that the actions proposed in paragraphs 3.4 to 3.8 of the report be endorsed.

**5. Internal Audit Annual Report 2006/07**

Officers introduced the Internal Audit Annual Report for 2006/07. It was explained that the report included an opinion on the overall adequacy and effectiveness of the Council's internal controls and presented a summary of the audit work undertaken throughout the previous year. It was explained that for each completed audit a level of assurance was given along with any necessary recommendations for improvement.

Officers explained that 82% of planned audits had been completed and that this was an improvement from the previous years, it was noted that additional

staffing resources were now available from the new auditing arrangements and so it was planned to improve again on this completion rate.

Members were asked to review the details regarding the work that was undertaken and to note the recommended actions.

Members noted that there were areas of concern regarding some local schools but that the majority of schools were operating the correct financial controls. In addition Members expressed a desire to receive follow-up reports, from department directors where relevant, to show that major issues had been addressed as required.

**RESOLVED:-**

that the report be noted.

**6. Statement of Internal Control 2006/07**

A report was introduced regarding the Statement of Internal Control for 2006/07. It was explained that the statement informs our stakeholders as to what our controls are including, how we monitor legislation and how we set major policy objectives. The statement is included in the annual accounts and must be signed off by the Leader of the Council and the Chief Executive. The Committee were asked to review and approve the draft statement.

During discussion officers stated that this was considered a good, thorough and independently verified process of control.

**RESOLVED:-**

that the Audit Committee approve the content of Statement on Internal Control that are to be issued with the accounts.

**7. Verbal updates from the Director of Finance on Future training requirements opportunities including Interpreting Local Government Accounts, Anti Fraud Strategy and Business Continuity.**

The Director of Finance provided a short verbal update on the plans to provide relevant training opportunities to Audit Committee Members. He explained that the Risk Management training earlier in the meeting was an example of some of the training that would be provided at future meetings but that other options were also being examined such as stand alone events and CD/electronic training.

Specific topics to be covered in forthcoming meetings included interpreting local government accounts, the new anti fraud strategy and the Council's business continuity plan. It was also agreed to encourage those Members who potentially attend the Committee as alternates to attend training events.

**6. Date of the Next Meeting**

The next meeting was scheduled to take place on 19<sup>th</sup> September 2007.

**7. Any other business**

None.

The meeting ended at 8.30 pm

M CUMMINS

Chair

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