

MINUTES OF THE AUDIT COMMITTEE
Monday, 26th March 2007 at 7.00 pm

PRESENT: Councillor Cummins (Chair) and Councillors J Moher and HM Patel.

1. Declarations of Personal and Prejudicial Interests

None.

2. Audit Committee Terms of Reference

The Terms of Reference for the Audit Committee were noted.

3. 2005/06 Annual Audit and Inspection Report

The Director of Finance and Corporate Resources introduced the report about the 2005/06 Annual Audit. He reported that the annual audit was the responsibility of the external auditors together with the Audit Commission and that the Inspection Report was provided as an introduction to the Committee of the work produced each year. The Report was due to go to the Executive on 16th April. He went on to explain the role of the external auditors and invited them to provide short presentations to the Committee about their work.

Simon Davis from the external auditors, PricewaterhouseCoopers (PwC), then addressed the Committee. He explained that they were appointed by the Audit Commission and were required to form an opinion on the Council's accounts and to monitor the Performance Indicators as well as investigate any matters brought to their attention by members or the public.

Simon Davies then highlighted the main financial elements of the Report. This included the Use of Resources judgement which was a strong 3.

It was explained that yearly reports from the external auditors were presented to the Executive but that the Audit Committee would have the opportunity to question and, comment at any of its meetings during the year.

RESOLVED:

that the report be noted.

4. Joint Provision of Internal Audit Services

The Director of Finance and Corporate Resources explained that much of the work of the Internal Audit Service had recently been awarded to Deloitte in a joint tender with Ealing and Hammersmith & Fulham Councils and that it was hoped this would provide all three boroughs with the necessary experience and capacity for the work required of the Internal Audit Service.

There was a general discussion on this during which members expressed concerns over the availability of auditors if they were required by all three Councils at the same time. It was explained that this had been accounted for when designing the tender, it should not cause any problems but that it would be an important role of this Committee to monitor the situation.

Richard Evans from Deloitte was introduced and provided a short presentation on their role as the new Internal Auditors. He explained that the internal audit was important in being able to offer objective assurance on whether the Council was likely to achieve its objectives and its budget targets, to identify risks and ensure regulatory requirements would be met. An initial summary of the proposed Internal Audit Plan for 2007/08 was presented outlining how the auditors' work would be split throughout the Council. It was noted that a more detailed report would be presented to the Committee at its next meeting.

Richard Evans then initiated a discussion on the requirements for the Audit Committee including that the members should perform their role objectively and independently to ensure full and open discussions at meetings and that they should be prepared to challenge officers and reports presented when they felt it was appropriate. It was also suggested that members should ensure they are familiar with the issues of financial probity, the work of auditors in general and relevant regulation and compliance issues. It was suggested that training for members should be considered if it was felt necessary.

Discussion also focused on the make-up of the Committee including the possibility of increased membership, lay-members and the use of alternates. Members indicated that they were content with the current arrangements but would keep the issue under review.

RESOLVED:

that the report be noted.

5. **Future Work Programme**

The Director of Finance and Corporate Resources introduced a discussion regarding a possible future work programme for the Committee. He explained that in general it was important for Members to indicate which reports and subjects were produced for presentation at meetings but he suggested some initial items that the Committee may like to consider including the Risk Management Strategy, the Anti-Fraud Framework and a report by PwC on the Council's 2006/07 accounts.

Members noted these comments, agreed the initial proposed work programme and agreed to give consideration to other items they would like introduced through the year.

6. **Date of the Next Meeting**

The date of the next meeting was scheduled to be agreed at the Annual Meeting in May 2007 and it was agreed that the standard start time for the Audit Committee was to be 7.00pm.

7. **Any other business**

None.

The meeting ended at 8.20 pm

M CUMMINS
Chair

\\COMMITTEES\MINUTES\Minutes 06-07\Council\Audit\aud 26 Mar 07.doc