

PROGRESS MONITORING REPORT to JUNE 2008 – AUDIT COMMITTEE

Title of Agenda Item	Concern/Cause	Action Proposed	Responsibility	By when	Action Taken	Status
<b>MEETING HELD ON 27 SEPTEMBER 2007</b>						
<p>1. <u>Audit Commission: Annual Governance Report 2006/07 (Ref. Appendix, Para 23)</u></p>	<p>Currently, reconciliations between the Council's Agresso main accounting system and the Academy system for council tax, non-domestic rates and benefits, are carried out only at the end of each financial year which means that significant discrepancies are not being rectified promptly enough.</p>	<p>'(i) that monthly reconciliations between the Academy System (for council tax, non-domestic rates and benefits) and the Council's Agresso main accounting system be introduced in order that discrepancies can be rectified promptly.' (MINUTE NO. 17(i))</p>	<p>Carolyn Williamson</p>	<p>End Mar 2008</p>	<p>Further clarification has been sought and agreement reached with the Audit Commission as follows:-</p> <p>Cash income to the Council for council tax and non-domestic rates is reconciled between Academy System and Agresso System monthly Benefits payments made are reconciled between Agresso System and Academy system as part of the year-end and a six-monthly interim reconciliation is undertaken.</p>	<b>COMPLETED</b>

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2. <u>(Ref. Appendix Para 24)</u>	In order that the Council can have confidence that the income associated with social care packages is being properly controlled and that clients are being appropriately billed for the services provided, there is an urgent need to put this system on a sound footing and to ensure by regular checks that it is consistent with the other associated records.	'(ii) that officers continue to give high priority to solving the problems of consistency and reconciliation between the PARIS system and the Council's Agresso main accounting system which had resulted in limited assurance to support the Council's reported figures for 2006/07 social care income and debtors.' (MINUTE NO. 17(ii))	Carolyn Williamson	End Mar 2008	Price Waterhouse Coopers report to be brought to September Committee. A robust project plan is now in place.	COMPLETED
3. <u>(Ref. Appendix Para 36)</u>	It is understood that, as risks reduce, so should the cost to the Council of External Audit.	<u>External Audit Costs</u> The costs of External Audit to be monitored to ensure that, with the reduction of risk there is a reduction in costs. (ACTION POINT)	Chair Of Audit Cttee	March 2008	The Chair of the Audit Committee to challenge the Audit Commission when proposed charges are next presented (March 2008).	COMPLETED

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<b>MEETING HELD ON 24 JANUARY 2008</b>						
4.	Given the developments and new requirements affecting audit of public bodies, the issue of further training for Councillors was raised by Members.	Joint Workshop Training Event (linking with the Audit Commission) to be held, with invitation sent to all Councillors. (ACTION POINT)	Sarah Dennis	After appt. of new cttee May 2008	Audit Committee Training Session at 6.00pm on Thursday 12 June 08 to which all Committee Members have been invited.	<b>COMPLETED</b>
5.	Following discussion on the current audit opinions of 'Cantell Maths and Computing College' (Limited Assurance) and the item in the confidential appendix (No Assurance), where critical weaknesses or unacceptable levels of risk had been identified, Members sought reassurance on how lessons could be learned, standards restored and maintained.	(ii) that, following the Financial Management in Schools Standards (FMSiS) review of Cantell Maths and Computing College, the Chief Internal Auditor be requested to circulate the results to Committee Members; and  (iii) that the Chief Internal Auditor be requested to report back to the next appropriate Audit Committee on the audit strategy for the City's schools, including a review of reporting frameworks. (MINUTE NO. 27(ii) and (iii))	Sarah Dennis	March 2008	FMSiS review concluded that Cantell DOES NOT meet the Standard. The school has been advised of the action to be taken and will make a further submission on completion of those actions.	<b>COMPLETED</b>
			Sarah Dennis	June 2008	'Schools Audit Policy' is on June Audit Committee agenda.	<b>ONGOING</b>

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<p>6. <u>Audit Commission: Annual Audit and Inspection Letter 2006/07</u></p>	<p>The Annual Audit and Inspection Letter 2006/07 had been formally presented to Council on 19<sup>th</sup> March 08, prior to it coming before the Audit Committee. The Panel sought reassurance about the timing of Audit Committee meetings and its future relationship with the Standards and Governance Committee.</p>	<p>Advice to be sought from the Monitoring Officer. (ACTION POINT)</p>	<p>Democratic Services/ Sarah Dennis</p>	<p>Next Municipal Year</p>	<p><u>Annual Audit and Inspection Letter 2006/07</u> At Full Council on 23 June 2004 Members resolved that the Annual Letter be 'presented to Full Council initially' (and then be referred on to Standards and Governance Committee, etc). The Monitoring Officer has advised that to change this would require a further resolution from Full Council.</p>	<b>COMPLETED</b>
					<p>The Monitoring Officer has advised that the relationship with Standards and Governance Committee is appropriate and that steps have been taken to ensure duplication/overlap is minimised as far as possible.</p>	

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7. <u>Audit Commission: Audit and Inspection Plan 2008/09</u>	Members requested that the Audit Commission provides assurance on 'Building Schools for the Future' at appropriate stages of the programme. The Audit Commission agreed that this programme is likely to be a 'key risk' to the Council.	The Building Schools for the Future Programme will be risk assessed and built into the Audit Commission's Audit and Inspection Plan at an appropriate stage. (ACTION POINT)	Mike Bowers (Audit Commission)	On approval of BSF Programme	The 'Building Schools for the Future' programme report will be going to Full Council on 16 July 08 and to Cabinet on 28 July 08, for approval, and this has been noted by the Audit Commission.	ONGOING
	Members requested that they be briefed at the next meeting on how risk assurance will be provided on the Combined Heat and Power (CHP) project.	The Executive Director for Housing and Neighbourhoods to be invited to present his proposals on risk assurance for the CHP project to the next meeting of the Audit Committee. (ACTION POINT)	Democratic Services	asap after the mtg	No compliant bids have so far been received from a private sector partner, therefore this item will be deferred to a future meeting to enable the Cabinet Member to consider the matter.	
8. <u>Internal Audit: Revised Strategic Plan 2007/08 to 2009/10</u>	Members requested that the following areas are included for audit in the 2008/09 plan: Concessionary Travel, Property Disposals /Management and Housing Adaptations.	'that the draft 2008/09 Annual Audit Plan be adjusted to include the following areas for audit: (i) Concessionary Travel scheme; (ii) Property Disposals/ Management; and (iii) Housing Adaptations.' (MINUTE NO. 41)	Sarah Dennis	asap after mtg	The 2008/09 Annual Audit Plan reflects this request.	COMPLETED

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	(i) Members requested access to full internal audit reports.	Executive summaries of all internal audit reports are provided to the Audit Committee and available to all Members online via Southampton online. Members may request access to specific full reports on a confidential basis via the Chief Internal Auditor. (ACTION POINT)	Sarah Dennis	Now	The Internal Audit 'Information management and access policy' has been revised to ensure Members' access requests are dealt with appropriately.	COMPLETED
<b>9.</b> Self Assessment of the Effectiveness of the Audit Committee	Members agreed the following areas where action could be taken to further improve the Committee's effectiveness. (cf. Appendix 1 to the report)					
<b>1.1h</b>	Does the Audit Committee make a formal annual report on its work and performance during the year to full council?	Annual report to be made by the Chair to Standards and Governance Committee 26/06/08	Audit Committee Chair	June 2008	Annual report from outgoing Chair (2007/08) will be submitted to the Standards and Governance Committee on 26/06/08 and also to the June Audit Committee.	COMPLETED

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<b>1.2e</b>	Have all members' skills and experiences been assessed and training given for identified gaps?	Recommend action by Member User Group	Audit Committee Chair	June 2008	A major report reviewing member development is scheduled for the Member User Group meeting on 22 July 08.	<b>COMPLETED</b>
<b>1.3b</b>	Do the terms of reference set out the frequency of meetings?	Terms of reference to be revised to also include specific requirements	Sarah Dennis	May 2008	Schedule of Meetings and agenda items is appended to this Monitoring Sheet.	<b>COMPLETED</b>
<b>2.c</b>	Does the Audit Committee consider how meaningful the SIC (annual governance statement) is?	This requirement will be made specific in covering report to Committee 25/06/08	Sarah Dennis	June 2008	This is included in the report on Annual Governance Statement on June Audit Committee agenda.	<b>ONGOING</b>
<b>2.d</b>	Does the Audit Committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	This requirement will be made specific in covering report to Committee 25/06/08	Sarah Dennis	June 2008	This is included in the report on Annual Governance Statement on June Audit Committee agenda.	<b>ONGOING</b>

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<b>2.f</b>	Has the Audit Committee (with delegated responsibility) or the Full Council adopted 'Managing the Risk of Fraud – Actions to Counter Fraud and Corruption'?	Internal audit review of compliance with this framework will be reported back to Committee 25/06/08	Sarah Dennis	June 2008	The work is substantially complete. The report will be brought to the September Audit Committee meeting alongside the annual review of the Anti-fraud and corruption strategy.	<b>ONGOING</b>
<b>2.g</b>	Does the Audit Committee ensure that the 'Actions to Counter Fraud and Corruption' are being implemented?	See 2.f			(as 2.f)	<b>ONGOING</b>
<b>3.b</b>	Does the Audit Committee consider specifically: <ul style="list-style-type: none"> <li>• the suitability of accounting policies and treatments</li> <li>• major judgements made</li> <li>• large write-offs</li> <li>• changes in accounting treatment</li> <li>• the reasonableness of accounting estimates the narrative aspects of reporting?</li> </ul>	This requirement will be made specific in covering report to Committee 25/06/08	Rob Carr	June 2008	Statement of Accounts 2007/08 report to be submitted to the June 08 Audit Committee.  Also, the subject will be covered at the Audit Committee Training Session at 6.00pm on Thursday 12 June 08 to which all Committee Members have been invited.	<b>ONGOING</b>
<b>3.e</b>	Does the Audit Committee annually review the accounting policies of the authority?	This requirement will be made specific in covering report to Committee 25/06/08	Rob Carr	June 2008	(as 3.b above)	<b>ONGOING</b>



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<b>3.f</b>	Does the Audit Committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Procedures will be explained in an appendix to report to Committee 25/06/08	Rob Carr	June 2008	(as 3.b above)	<b>ONGOING</b>
<b>3.g</b>	Does the Audit Committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	Topical briefings to be provided to future Committee meetings as appropriate	Sarah Dennis/ Rob Carr/ Richard Ivory	June 2008	Topical briefings will be provided to future Committee meetings as appropriate.	<b>COMPLETED</b>
<b>4.j</b>	Has the Audit Committee considered the information it wishes to receive from internal audit?	Audit Committee to give this further consideration	Audit Committee Chair	June 2008	Pre-meetings for the Chair have proved helpful. (See Chair's Annual Report).  Also, the subject will be covered at the Audit Committee Training Session at 6.00pm on Thursday 12 June 08 to which all Committee Members have been invited.	<b>COMPLETED</b>
<b>5.d</b>	Does the Audit Committee ensure that officers are monitoring action taken to implement external audit recommendations?	Progress to be reported along similar lines to actions arising from internal audit work	Sarah Dennis	September 2008	To be accommodated through implementation of audit management software.	<b>ONGOING</b>

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<b>5.e</b>	Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?	Needs to be strengthened – Audit Commission reports are now automatically presented, but needs extending to other inspection agencies	Sarah Dennis	September 2008	Work to identify the appropriate reports to come to the Audit Committee, is progressing.	<b>ONGOING</b>
<b>5.f</b>	Does the Audit Committee assess the performance of external audit?	Request Audit Commission to outline how their performance may be assessed	Mike Bowers (Audit Commission)	June 2008	Performance may be assessed through the consideration by the Committee of the progress report presented by the Audit Commission to each meeting. In addition, if requested, a brief report can be provided to members setting out the quality assurance regime that the Audit Commission operates in respect of its work.	<b>COMPLETED</b>
<b>6.1.c</b>	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Needs reviewing and representing to future meeting	Sarah Dennis	June 2008	(as 1.3b)	<b>COMPLETED</b>

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<b>6.2.a</b>	Do reports to the Audit Committee communicate relevant information at the right frequency, time, and in a format that is effective?	Audit Committee to consider effectiveness of reporting	Audit Committee Chair	June 2008	The Committee is satisfied in principle with the provision of information. (See Chair's Annual Report)	<b>COMPLETED</b>
<b>6.2.b</b>	Does the Audit Committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	Audit Committee to consider format and content of reporting  (ALL ABOVE ARE ACTION POINTS)	Audit Committee Chair	June 2008	The Committee is satisfied in principle with the reports. (See Chair's Annual Report)	<b>COMPLETED</b>

**OUTLINE AGENDA FOR REPORTS TO AUDIT COMMITTEE 2008/09**

<p><b>25 JUNE 2008</b></p> <ul style="list-style-type: none"> <li>• <b>Chief Internal Auditor’s annual report and opinion 2007/08</b></li> <li>• <b>Annual Governance Statement 2007/08</b></li> <li>• <b>Review of effectiveness of system of internal audit 2007/08</b></li> <li>• <b>Statement of accounts 2007/08</b></li> <li>• <b>Audit Commission: Opinion interim report 2007/08</b></li> <li>• <b>Audit Committee’s Annual Report to Standards and Governance Committee</b></li> <li>• Internal audit: Status of Work</li> <li>• Statement on Internal Control 2006/07 action plan update</li> <li>• Audit Commission: Audit and Inspection Plan Progress Report</li> <li>• Risk Management: Annual strategy review</li> <li>• Risk Management: Annual report 2007/08</li> </ul>	<p><b>24 SEPTEMBER 2008</b></p> <ul style="list-style-type: none"> <li>• <b>Audit Commission: Annual Governance Report 2007/08</b></li> <li>• Internal audit: Strategy review</li> <li>• Internal audit: Status of Work</li> <li>• Annual Governance Statement action plan update</li> <li>• Risk Management: Strategic Risk Register</li> <li>• Audit Commission: Audit and Inspection Plan Progress Report</li> <li>• Annual review of Anti Fraud and Anti Corruption Strategy</li> </ul>
<p><b>11 DECEMBER 2008</b></p> <ul style="list-style-type: none"> <li>• Internal audit: Status of Work</li> <li>• Internal audit: Operational plan mid-year review</li> <li>• Annual Governance Statement action plan update</li> <li>• Audit Commission: Audit and Inspection Plan Progress Report</li> <li>• Audit Commission: Use of Resources</li> <li>• Risk management: Action plan status report</li> </ul>	<p><b>19 MARCH 2009</b></p> <ul style="list-style-type: none"> <li>• Audit Commission: draft Annual Audit and Inspection Letter 2007/08</li> <li>• Audit Commission: Audit and Inspection Plan Progress Report</li> <li>• Audit Commission: Opinion Audit and Inspection plan 2009/10</li> <li>• Internal audit: Status of Work</li> <li>• Internal audit: Annual Operational Plan 2009/10</li> <li>• Annual Governance Statement action plan update</li> </ul>