

AGENDA

AUDIT COMMITTEE MEETING



Date: Monday 21 September 2009
Time: 6.30 p.m.
Venue: Town Hall, High Street,
Maidstone

Membership:

Councillors Horne (Chairman), Butler, Daley,
Nelson-Gracie and Warner

Page No.

1. Apologies for Absence
2. Notification of Substitute Members
3. Notification of Visiting Members
4. Disclosures by Members and Officers
5. Disclosures of Lobbying
6. To consider whether any items should be taken in private because of the possible disclosure of exempt information
7. Minutes of the meeting held on 15 June 2009

1 - 4

Continued Over/:

Issued on 9 September 2009

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEBBIE SNOOK on 01622 602030**. To find out more about the work of the Committee, please visit www.digitalmaidstone.co.uk

**David Petford, Chief Executive, Maidstone Borough Council,
Maidstone House, King Street, Maidstone, Kent ME15 6JQ**

8. Audit Commission Presentation on the Council's Use of Resources Assessment 2008/09

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY 15 JUNE 2009

Present: Councillor Horne (Chairman), and
Councillors Butler, Parr and Nelson-Gracie

16. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Daley.

17. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Parr was substituting for Councillor Daley.

18. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

19. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

20. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

21. EXEMPT ITEMS

RESOLVED: That the items on the Agenda be taken in public as proposed.

22. MINUTES

RESOLVED: That the Minutes of the Meeting held on 1 June 2009 be approved as a correct record and signed.

23. STATEMENT OF ACCOUNTS 2008/09

The Committee considered the report of the Head of Finance presenting the Statement of Accounts for 2008/09 which fulfils the requirements of the Accounts and Audit Regulations 2003.

The Head of Finance highlighted a number of changes that had been made to the Statement of Accounts since the Agenda had been circulated. These included an amendment to the Cobtree Trust figure following the finalisation of their accounts, the inclusion of Area Based Grant and

Performance Reward Grant under General Government Grants, a reduction in recruitment advertising and other minor amendments.

The Committee asked a number of questions of the Officers relating to office accommodation, treasury management, investments, the pension fund, contingent liabilities, housing benefits subsidy, section 106 figures and the balance on the collection fund and were satisfied with the responses received.

RESOLVED TO RECOMMEND TO THE COUNCIL: That the Statement of Accounts, as amended, for the financial year ended 31 March 2009 (attached at Appendix A) be agreed.

24. IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Committee considered the report of the Head of Finance setting out the progress to date of the implementation of the International Financial Reporting Standards within the Council and the future timetable of work required.

The Committee questioned whether the Council would incur extra costs as a result of implementing these changes. Officers explained that it was difficult to tell at this stage as the code of practice has yet to be issued. The Committee felt it would be useful for Officers to keep a note of any additional costs incurred in order to implement these changes.

RESOLVED:

1. That the progress to date be noted and the proposed future implementation plan be endorsed.
2. That officers keep a record of all additional costs associated with the implementation of the new International Financial Reporting Standards.

25. AUDIT COMMISSION'S AUDIT AND INSPECTION FEE LETTERS

The Committee considered the report of the Chief Executive regarding the Audit Commission's Fee Letters for 2009/10.

The Committee were concerned at the increase in the fees and raised a number of questions with the Audit Commissions' representative regarding their scale of fees and the discounts they offer. The Committee were informed that the Council was given an 18% discount in 2008/09 and that this year the discount was 5.9%. The Audit Commission had sought legal advice with regard to their fee setting arrangements and they were now expecting all Auditors to come to a position where no discounts are offered.

RESOLVED:

1. That it be noted that the Committee are concerned with the level of fee proposed.
2. That the Audit Commission provides a full and reasoned argument for the increase in the fees and a more comprehensive explanation of the Annual Inspection fee.

26. ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

The Committee considered the report of the Head of Internal Audit and Risk Strategy regarding the effectiveness of the system of Internal Audit at Maidstone.

The Committee asked Officers for clarification on a few points which they received.

RESOLVED: That the Committee are satisfied with the effectiveness of the system of internal audit.

27. COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS (UK AND IRELAND)

The Committee considered the report of the Head of Internal Audit and Risk Strategy regarding a proposed response to a letter received from the Audit Commission's Appointed Auditor in relation to (a) how the Audit Committee exercise oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council, (b) how the Audit Committee gain assurance that all relevant laws and regulations have been complied with.

RESOLVED: That the contents of the letter to the Audit Commission's Appointed Auditor be agreed.

28. DATA TRANSFER TO THE TRAFFIC ENFORCEMENT CENTRE

The Committee considered the report of the Assistant Director of Environmental Services regarding the options available to address concerns over data transfer between Maidstone Borough Council and the Traffic Enforcement Centre as part of the process of debt recovery for penalty charge notices under the Traffic Management Act 2004.

The Committee were aware of the issues raised in the report and felt this matter should also be raised with the Secretary of State and the National Audit Office.

RESOLVED:

1. That dialogue with the Local Government Association should continue to facilitate a change in policy within the Traffic Enforcement Centre.

2. That the matter should be raised with the Information Commissioner, the Secretary of State and the National Audit Office as the level of risk to data is considered unacceptable.

29. DURATION OF MEETING

6.30 p.m. to 8.48 p.m.