

**MINUTES OF THE AUDIT COMMITTEE
MONDAY, 12 MAY 2008**

PRESENT

Councillors Rahman Khan (Chair), Bull, Davies, Gorrie, Mallett (Vice-Chair), Vanier and Wilson

Apologies Councillor Whyte

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRAC01.	APOLOGIES FOR ABSENCE Apologies for absence were received from Councillor Whyte and for lateness from Councillor Vanier and Councillor Wilson. NOTED	
PRAC02.	URGENT BUSINESS There were no items of urgent business. NOTED	
PRAC03.	DECLARATIONS OF INTEREST There were no declarations of interest.	
PRAC04.	MINUTES RESOLVED That the minutes of the meeting of the Audit Committee held on 28 January 2008 be agreed and signed by the Chair as an accurate record of the proceedings.	
PRAC05.	DEPUTATIONS AND PETITIONS There were no deputations or petitions.	
PRAC06.	COMPREHENSIVE PERFORMANCE ASSESSMENT - USE OF RESOURCES 2007/08 The Use of Resources Auditor Judgements report was introduced by the Audit Manager from the Audit Commission – Ms Sheila Hill. It was noted that this was the third Use of Resources assessment undertaken by the Audit Commission at the London Borough of Haringey. The Council had received an overall score of 3 out of a possible 4, and had been notified of the results of the assessment on 10 December 2007. Scores had been maintained in four out of the five themes of the assessment since	

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the previous year. It was highlighted that the score for the key line of enquiry 5.2, 'The Council manages and improves value for money', had improved from 2 to 3 since the previous year and that the Pre Business Plan Review process was felt to be robust. The Committee was invited to note that the overall score for the theme of Financial reporting had dropped from a 3 to a 2, largely because the Council had not maintained the 'notable practice' status achieved in the previous year through the Annual Report consultation process. The Council had developed an action plan to address some of the areas for improvement identified in the report, and work would continue with the new Auditors, Grant Thornton to make further progress.

The Chair thanked Ms Hill for her introduction, and asked if there were any questions from the Committee. Cllr Gorrie asked for clarification as to the precise period covered by the report. In response Ms Hill advised that the period covered by the report was the financial year 1 April 2006 to 31 March 2007, although the publishing convention of the Audit Commission meant that the front cover was dated 'Audit 2007-2008' as the report was part of the audit fee for 2007-2008. It was noted that amendments made subsequent to the 31 March 2007 could be taken into account as part of this report, subject to an assessment by the Audit Commission of whether they were sufficiently embedded.

Cllr Gorrie asked for clarification as to what Appendix 1 of the report represented. Ms Hill reported that this document showed the revisions to the key lines of enquiry, against which the Council would be assessed this year. It was intended that this would assist officers in determining whether arrangements were in place for satisfying the key lines of enquiry where changes had been made. It was noted that it was not necessary to define criteria for a score of 1, as this would automatically be scored if the criteria for attaining a 2 were not satisfied.

Cllr Gorrie noted that the issue of underspend against the capital budget at year end was raised as an issue in the report, under the key findings for the theme Financial Standing, and reported that this had been further emphasised in the performance for the financial year 2007-2008, as underspend towards the year end had been even greater. Cllr Gorrie challenged the report's assessment that the Council had been successful in planning for and achieving efficiency savings in light of the results for the financial year 2007-2008, where savings targets had not been attained and the Achieving Excellence programme had fallen behind schedule.

The Chair expressed the Committee's disappointment at the score of 2 for Financial Reporting and called attention to the revisions to the key lines of enquiry to ensure that these were acted on. There being no further comments it was:

RESOLVED

- i. That the contents of the report be noted, together with the comments made by the Committee.

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	<p>ii. That it be noted that the report covered the period from 1 April 2006 to 31 March 2007.</p>	
<p>PRAC07.</p>	<p>COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA): USE OF RESOURCES - AUDITOR JUDGEMENTS 2007 ACTION PLAN REPORT</p> <p>The Head of Corporate Finance, Kevin Bartle, introduced the Use of Resources – Auditor Judgements 2007 action plan. This report demonstrated the Council’s response to the Audit Commission’s report and recommendations. It was reported that an officer working party was in place to review opportunities for improvement. A full action plan to address key lines of enquiry had been produced, and an extract of this, highlighting specific areas for improvement, was appended to the report.</p> <p>The Head of Finance (Accounting and Control), Mr Oliver, informed the Committee that measures were in place to improve on the areas identified in the Audit Commission report. Weekly planning meetings were taking place and officers were liaising closely with the external auditors, Grant Thornton, to ensure that, where necessary, areas were subject to early discussion. It was anticipated that this relationship with the external auditor would continue to develop. In relation to the key line of enquiry ref 1.2 ‘the Council promotes external accountability’, it was reported that consultation with Haringey Strategic partnership had been renewed, and that a questionnaire had been sent out to the Council’s partners to obtain feedback on the Annual Report and Accounts and to seek views on what else could be included. A project group had been established to look at issues such as the layout of the Annual Report and Accounts, and it was hoped that ‘notable practice’ status could be re-attained in the next assessment.</p> <p>The Chair asked the Chief Financial Officer, Mr Almeroth, what it would take for the Council to achieve an overall score of 4 in the Use of Resources assessment. Mr Almeroth reported that robust processes were in place and resources were being focussed on attaining a score of 4, although this could not be guaranteed. The revisions to the key lines of enquiry demonstrated that the criteria against which the Council was assessed became tougher each year. The Chair noted that although the test was becoming harder, he was confident that the experience of officers and application of resources would enable a 4 to be achieved.</p> <p>There being no further comments from the Committee it was:</p> <p>RESOLVED</p> <p>That that CPA Use of Resources Auditor Judgements 2007 and the Council’s action plan in response be noted, together with the comments put forward by the Committee and the Chief Financial Officer’s response.</p>	

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PRAC08. THE ANNUAL AUDIT AND INSPECTION LETTER 2008

The Chief Financial Officer, Gerald Almeroth, introduced this report on the Council's response to the Audit Commission's annual Audit and Inspection letter. The annual Audit and Inspection letter was appended to the report. The key areas for action were set out in the report in the form of a table, along with the Council's response and proposed actions. It was noted that the Council had been assessed at 3 star overall, with the direction of travel assessed as improving well. The report had been considered by the Cabinet on 22 April 2008.

Cllr Gorrie queried why 'ensuring that costs are commensurate with performance levels' had been identified as a specific improvement opportunity in the letter, when this seemed to be such a fundamental requirement that it did not need stating and was too vague to be practically useful as a recommendation. Cllr Gorrie felt that from this statement one could only conclude that the Audit Commission was indicating that costs were too high in relation to performance levels. Ms Hill responded that the annual Audit and Inspection Letter provided a summary of all the audit work carried out throughout the year. She reported that the statement in question was intended as a reminder that it was important to continue to focus on reducing costs and keeping expenditure under review, and that it contained no implication that costs were presently too high. Cllr Gorrie felt that the statement was not specific enough to be of use to the Council, as no particular course of action was suggested. Mr Almeroth reported that the wording of the improvement opportunities in the Audit and Inspection letter flowed from the Use of Resources report, in which the Council had scored 3 out of 4 under the Value for Money theme. In comparison with other local authorities and in terms of performance levels the Council was achieving value for money, but it was important to maintain an effective focus on value for money issues across the organisation. Cllr Gorrie stated that he remained unconvinced as to the usefulness of including the statement in the Audit and Inspection Letter, but had no further comments.

The Chair referred Mr Almeroth to the two areas of potential risk being monitored as part of Grant Thornton's audit and stated that the Audit Committee required a satisfactory resolution to these items; these were the operational conflict between the delivery of the Building Schools for the Future (BSF) programme and the existing schools PFI scheme and the operational and financial issues in respect of the management of Alexandra Park and Palace.

There being no further comments it was:

RESOLVED

- i. That the letter be noted and that the response and actions as set out in the report be agreed.
- ii. That the Council needs to resolve the potential risks relating to

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	<p>the operational conflict between the BSF programme and the existing schools PFI scheme and the management issues relating to Alexandra Palace & Park as identified by the External Auditors and in accordance with the advice and recommendations of the External Auditors, to safeguard the overall interests of tax-payers, as well as the Council.</p>	
PRAC09.	<p>AUDIT COMMITTEE UPDATE FROM GRANT THORNTON</p> <p>The representative from Grant Thornton introduced the update, which covered audit work carried out to date and current areas of work as follows:</p> <ul style="list-style-type: none">• It was reported that a high level review of corporate governance arrangements was being carried out, which would feed into the Use of Resources work. A report on this review would be presented at the next meeting of the Audit Committee.• Interim audit work to review key systems and ensure that they were operating as anticipated was in progress, and Grant Thornton was also working with the Council's Internal Audit team to check the controls that were in place and to avoid unnecessary duplication of work.• Technical specialists at Grant Thornton were reviewing the 2006/07 accounts and would develop recommendations for future accounts. A presentation had been given to Finance staff, giving details about how the audit process works, key auditing issues and the requirements of the auditors. Feedback from this session had been positive.• A joint study on health inequalities was being undertaken in partnership with Haringey PCT auditors; the findings were currently in draft form, and a final report would be presented to the Audit Committee in June 2008.• Work on the Pension Fund audit, PFI developments and Alexandra Park and Palace was ongoing, and the audit planning process for 2008/09 had been commenced. <p>The Chair asked if there were any questions from the Committee. Cllr Gorrie asked whether the outcome of the current work on PFI accounting would have an impact on council tax calculations. The representative from Grant Thornton reported that the work had not been finalised but confirmed that, whatever the outcome, it would not have a material impact on the council tax calculations.</p> <p>The Chair welcomed the decision to carry out a separate audit of the pension fund, as this avoided the risk of any potential conflict of interest. On behalf of the Committee the Chair welcomed Grant Thornton, expressed satisfaction with their work to date and stated that he had positive expectations for the future.</p> <p>RESOLVED</p> <p>That the content of the update be noted.</p>	

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PRAC10. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT

The Deputy Head of Benefits and Local Taxation, Tim Fisher, introduced the report. Mr Fisher reported that Counter Fraud performance in the last quarter had been positive, with 124 sanctions issued against a target of 126, and that the Fraud Team had achieved a CPA rating of 4 (excellent).

In response to the report of the Benefit Fraud Inspectorate following their inspection in 2007, an Anti-Fraud and Corruption Strategy had been drafted and was appended to the report for Members' consideration. The strategy set out who is affected by the document, the importance of deterring benefit fraud, the relevant legislation and the procedures in place to minimise the risk of internal fraud. The Strategy also included changes to the reporting arrangements to the Audit Committee, and a blank example of the proposed new format for reports was also appended.

The Chair asked if there were any questions from the Committee. Cllr Bull asked how much input from Members there had been in drafting the strategy. Mr Fisher responded that the strategy had been drafted without Member input. Cllr Bull responded that he felt that members should have had an opportunity to have input into the strategy, as this was an issue that would have an impact on constituents. Cllr Gorrie supported Cllr Bull's view that Member engagement with the strategy was needed, and enquired as to whether there was an equivalent policy in place for residents when they have been subject to an error on the part of the Council.

Referring to the £1m in overpaid benefit identified as part of counter fraud activity, Cllr Gorrie asked what the total amount of benefit paid out by the Council was annually, and what percentage of this £1m related to fraudulent activities, as opposed to Council or claimant error. Mr Fisher reported that the Council paid approximately £250m in benefits annually, and that the £1m related only to fraudulent activity, as there were separate figures relating to overpayments due to Council error and claimant error. Cllr Bull asked Mr Fisher to supply Committee members with the figures for benefits overpayments due to Council and claimant errors outside the meeting. It was also suggested that it would be useful for Members to know how many individual cases the £1m figure related to.

Cllr Bull expressed concern that the existence of a Fraud Investigation Team gave the impression that the Council was actively seeking out fraudulent activity, and that there was an assumption of guilt on the part of claimants. He felt that this conflicted with the Council's work to ensure that all those who were eligible were claiming the benefits they were due. Mr Fisher responded that counter fraud activity was required as an assurance by central Government, who provide the funding for housing benefits. Counter benefit fraud activity was also required as part of the CPA.

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Cllr Bull stated that prevention of overpayments due to error was essential, and asked how confident the Council was that adequate mechanisms were in place to assist residents for whom English was not their first language, and residents whose literacy levels prevented them from fully understanding the benefits process. Mr Fisher reported that there was a working group with representatives from Housing, particularly in relation to homelessness through the Preventions and Options team, which was looking at ways of ensuring that forms were completed properly.

Cllr Vanier expressed concern that constituents had reported that they had notified the Council when their circumstances had changed, but that it had taken the Council some time to make the necessary amendments. It was therefore important for the Council to improve its own internal systems. Mr Fisher responded that the times for processing changes of circumstances had improved, and that there was currently no backlog of work in the team. Work would continue to ensure that these improvements were maintained. Mr Fisher also reported that a new, shorter application form was being introduced for registering changes of circumstances, and this was welcomed by the Committee.

Mr Fisher reported that the changes to the benefits system relating to the Local Housing Allowance, which had come into force from 7 April 2008, had not caused any problems to date, although the Council was monitoring any potential issues relating to residents seeking to cease their present benefits and reapply under the new system.

The Chief Financial Officer, Mr Almeroth, reported that the strategy that had been drafted was an articulation of procedures that were already in place, but that the Benefit Fraud Inspectorate had recommended that these be documented in a statement agreed by the Committee. In accordance with Members' comments, Mr Almeroth advised that Members would be given an opportunity to provide input into the draft. In response to Cllr Gorrie's query regarding the policy for residents in the event of Council error, Mr Almeroth reported that policies were in place, but that these were not referred to in the report as they did not relate to counter fraud activity. Mr Almeroth also added that the Council had a clear responsibility to detect and prevent benefit fraud, and residents would recognise that these activities were of benefit to all tax-payers; when cases had gone to court, these had been reported favourably by the local press. The Chair commented, concurring with the views and comments of the Chief Financial Officer, that as per the terms of the reference, the committee would need to "monitor Council policies on Whistle blowing and Anti-Fraud and corruption". The Chair commented that he believed that members of the committee were aware of these responsibilities.

There being no further comments, it was:

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	<ul style="list-style-type: none"> i. That this report and the work being carried out by the Benefits and Local Taxation Service in relation to Counter Fraud activity be noted, together with Members' comments. ii. That members be consulted on the draft Counter Benefit Fraud strategy before publication. 	
<p>PRAC11.</p>	<p>INTERNAL AUDIT PROGRESS REPORT - 2007/08 QUARTER 4</p> <p>The Head of Audit and Risk Management, Anne Woods, introduced the report on the work undertaken by the Internal Audit Service for the fourth quarter 2007/08 and reports outstanding from 2006/07. The previous format had been maintained for this report, but proposed amendments to Internal Audit reporting to the Committee would be presented in June 2008, including proposals for more regular reporting. These proposals would be based on the recommendations that emerged from the review of the effectiveness of the Audit Committee carried out in 2007/08. Appended to the report was the Deloitte and Touche Annual Internal Audit Report, the follow-up tables and disciplinary data for the whole Council. In particular, Ms Woods reported that the Financial Management Standard in Schools work with primary schools had been very successful, with 23 of the 26 primary schools visited meeting the Standard.</p> <p>The Chair thanked Ms Woods for her introduction and asked if there were comments or questions from the Committee. Cllr Gorrie suggested that it would be useful for Members if the report included the dates when each audit was carried out. In relation to the priority 1 recommendations relating to corporate procurement, Cllr Gorrie expressed serious concern at the fundamental nature of some of the audit findings, and also expressed concern that some large projects were only being audited at a stage when there had been significant issues for some time.</p> <p>In relation to the findings of the audit of Waste Management and Recycling, Cllr Gorrie asked whether the Council was still paying disputed amounts to the contractors. Ibrahim Khatib, Internal Audit Manager, confirmed that this was still the case. Cllr Gorrie suggested that the immediate cessation of paying disputed amounts should have been made a priority 1 recommendation of the Waste Management and Recycling Audit.</p> <p>The Chair emphasised that follow-up was essential in order to ensure that the recommendations were implemented, as Members required that recommendations were rigidly enforced. Referring to the Financial Management Standard in Schools work, the Chair asked what follow up action was being taken with those schools that had not met the Standard. Mr Khatib responded that a deadline had been agreed with each school, and that their progress was being monitored. Once the deadline was reached, Internal Audit would ask the schools to provide evidence that the Standard had been reached. The Chair suggested that a final cut-off deadline should be established, by which point every school would have been required to comply with the Standard.</p>	

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	<p>Cllr Gorrie stated that it was a positive thing that Internal Audit was revealing weaknesses that existed, but expressed concern that some of the weaknesses being found were such fundamental issues. He suggested that every project officer should be written to, to ensure that basic requirements were being met, and that written confirmation should be received from every capital project that all audit recommendations were being complied with.</p> <p>In relation to the analysis of disciplinary cases, Cllr Gorrie expressed concern at the number of staff on paid suspension and the length of the suspension periods involved. From the report, Cllr Gorrie estimated that the cost to the Council of paying staff on suspension was over £1m annually, despite the efforts of officers to mitigate this. Ms Woods reported that for disciplinary cases within the Internal Audit team, staff had worked closely with the HR and Occupational Health departments to ensure that any suspensions were managed as tightly as possible, although a small number of particularly complex cases had increased the average period of suspensions, demonstrating that it was not always possible to progress as quickly as hoped. The Committee asked Ms Woods to provide Members with comparative data for other local authorities.</p> <p>There being no further comments, it was:</p> <p>RESOLVED</p> <ul style="list-style-type: none">i. That, together with the comments from Members and the officers' responses, the audit coverage and progress during the fourth quarter 2007/08 and on the reports outstanding from 2006/07 be noted.ii. That, together with the comments from Members and the officer's responses, the progress and responses received in respect of outstanding audit recommendations be noted.iii. That a time limit should be applied for compliance with each audit recommendation, as the Audit Committee could not accept lapses in compliance once recommendations had been made.	
<p>PRAC12.</p>	<p>ANNUAL INTERNAL AUDIT PLAN AND AUDIT STRATEGY 2008/09</p> <p>The Head of Audit and Risk Management, Anne Woods, introduced this report, which set out the draft internal audit plan and audit strategy for 2008/09 and how this would be resourced. The internal audit plan was risk-based, and had been produced following consultation with management teams, with items on the plan cross-referenced with departmental risk registers where appropriate. 64 projects were planned, with a small contingency. Any significant changes to the plan would be communicated to the Audit Committee if they arose. Ms Woods reported that the 64 projects did not include visits to individual establishments</p>	

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such as schools, which would add around 29 further projects, meaning that the number of projects overall would be similar to the 91 undertaken in 2007/08.

The Chair asked if there were any questions from the Committee. Cllr Gorrie enquired about progress with the audit of the key financial systems. Ms Woods responded that these were currently in draft form and would be reported to the next Audit Committee meeting, although any key findings had already been reported. Ms Woods reported that the same list of key financial systems would be audited in 2008/09. Cllr Gorrie asked how many priority 1 recommendations and key findings came from audits of key financial systems in 2007/08. Ms Woods responded that of around 126 priority 1 recommendations issued last year, around 2 of these related to key financial systems. Cllr Gorrie queried why the plan included allocating 175 days of the limited resource available on an area of audit where so few issues arose, and where there was little change from year to year, when more days could be better spent on areas where there were potentially greater issues. The Chair disagreed that less time should be spent on the key financial systems, as the quality of the work could not be guaranteed to be consistent each year and required monitoring.

The Chief Financial Officer, Gerald Almeroth, welcomed the comments from Cllr Gorrie, but noted that there were changes to the key financial systems every year and that it was normal under a risk-based approach to spend time on key areas of control such as financial systems. Even were no changes to take place, it would still be necessary to monitor the quality of the work. Mr Almeroth reported that it was more cost-effective for the audit of the key financial systems to be carried out by Internal Audit rather than the external auditor and that, as a proportion of the total audit plan, the time allocated for the key financial systems seemed broadly appropriate. It was noted that the external auditor was reliant on Internal Audit's work on the key financial systems. Mr Almeroth also noted that the audit plan included 80 days on project management work and 75 days on procurement, and that a contingency was available.

Cllr Gorrie expressed concern that an appropriate balance had not quite been achieved in the allocation of resources within the audit plan, and stated that it would be better to focus resources on areas where there were potential greater results. The Chair disagreed with this assessment, however, and stated that, while it was important to focus on obtaining value for money, it was essential for the organisation's fundamental requirements to be safeguarded.

The Chair reminded Members of the Committee's terms of reference, and that the Audit Committee was responsible for the annual audit plan. On behalf of the Committee, the Chair asked the Chief Financial Officer to confirm whether he had thoroughly examined the Internal Audit Plan and was satisfied that it adequately fulfilled all the relevant requirements such as the appropriate legislation, professional guidance and standards including those issued by the Auditing Practices Committee, the CIPFA and the Institute of Internal Auditors, and enabled the Audit Committee

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	<p>to fulfil its responsibilities as per the Committee's terms of reference. In response, Mr Almeroth, the Chief Financial Officer, confirmed that the plan did comply with the relevant standards and requirements.</p> <p>There being no further comments, it was:</p> <p>RESOLVED</p> <p>That, taking into account the comments of the Committee and the confirmation of the Chief Financial Officer that the audit plan complied with the standards set out in the CIPFA code of practice, the Annual Internal Audit Plan for 2008/09 and the internal audit strategy be approved.</p>	
<p>PRAC13.</p>	<p>RISK MANAGEMENT - PROGRESS REPORT AND CORPORATE MANAGEMENT OF RISK STRATEGY</p> <p>The Head of Audit and Risk Management, Anne Woods, presented the report on the current position on risk management implementation across the Council, the revised risk management strategy and a revised register of corporate business risks. The revised risk management strategy incorporated all the various processes involving risk and showed how these fit into the Council's business planning cycle. This new, broader, approach would fit in with the key lines of enquiry. A further update to the corporate risk register was in progress, this would be considered by the Chief Executive's Management Board and would be presented to the Audit Committee later in the year.</p> <p>The Chair asked for confirmation that every Council service was covered by risk registers. Ms Woods confirmed that this was the case in that every Business Unit and Department had its own risk register in addition to the corporate risk register. Homes for Haringey was covered by a separate risk management strategy and risk register, but issues relating to housing in terms of the client relationship were covered by the Council's risk registers under Strategic and Community Housing.</p> <p>Ms Woods provided the Committee with an update on the mutual insurance situation, and reported that the Council was seeking clarification of the judgement that had been handed down. Ms Woods confirmed that insurance cover was in place, and that terms had been accepted early.</p> <p>The Chair asked whether the list of risks over which the Council had no control at paragraph 4.2 of the Risk Management Strategy was exhaustive. Ms Woods confirmed that it would not be possible to compile an exhaustive list, and that the wording of the paragraph would be amended to make explicit that it was not an exhaustive list. Ms Woods also confirmed that the points covered in 3.4 of the completion of risk registers document had been complied with. The Chair asked who was responsible for monitoring that all the designated officers complied with the controls in place. Ms Woods responded that each business unit was responsible for its own risk register, and that these were regularly</p>	

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	<p>reviewed by the departmental management teams. The corporate risk register is reviewed by the Council's management board. A management process was incorporated into the internal audit plan, so that there was also an independent check that controls were being complied with. Ultimate responsibility for the risk registers lay with the Directors, and dates when each register had last been reviewed were included within the report. Overall responsibility for the monitoring of the risk registers lay with the Director of Corporate Resources.</p> <p>There being no further comments, it was:</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. That the current position on risk management implementation across the Council be noted and the revised risk management strategy approved. ii. That the revised register of corporate business risks be noted and approved, on the basis of confirmation from officers that all services of the Council were covered in the risk registers as approved by the Chief Executive's Management Board and were duly monitored by officers, in order to safeguard the interests of all stakeholders. 	
<p>PRAC14.</p>	<p>DRAFT ANNUAL GOVERNANCE STATEMENT 2007/08</p> <p>The Head of Audit and Risk Management, Anne Woods, reported that the Annual Governance Statement (AGS) had become the new statutory reporting document from 2007/08, replacing the Statement of Internal Control. The process for signing off the AGS was similar to that for the previous Statement of Internal Control, and the Chief Executive and Leader of the Council would require sufficient assurances that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS. The draft AGS, matrix of supporting assurance and evidence and a proforma for the Management Assurance Statement and self assessment checklist were appended to the report.</p> <p>Following consideration by the Audit Committee, the draft AGS would go to General Purposes Committee in June for approval. The draft AGS had already been presented to CEMB for review and CAB for information. The Chief Financial Officer confirmed that that the revised Management Assurance Statement had been compiled truthfully and in accordance with CIPFA guidelines.</p> <p>Cllr Wilson suggested that the AGS should include the role of Councillors in governance arrangements, such as Members' enquiries. Ms Woods reported that the draft text would be refined to include the roles of Members and the specific role of the Opposition.</p> <p>The Chair enquired whether the draft AGS (Appendix-A), the matrix (Appendix-B) and the Revised Management Assurance Statement</p>	

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	<p>(Appendix-C) had been truthfully compiled, had been checked against the available records and fulfilled the due responsibilities. The Chair also asked whether core officers, as mentioned in point no-6.4, were overseeing the work on all the areas identified in the action plan, to ensure that the issues were appropriately addressed, and that specified deadlines were met. The Chief Financial Officer responded affirmatively to all points.</p> <p>There being no further comments, it was:</p> <p>RESOLVED</p> <ul style="list-style-type: none">i. That, having reviewed the supporting information, the draft AGS be approved on the basis of confirmation from Council Officers, subject to the comments of the Committee made during discussion of the report.ii. That the approved timescale and process for the draft AGS be noted.	
<p>PRAC15.</p>	<p>DRAFT LOCAL CODE OF CORPORATE GOVERNANCE</p> <p>The Chief Financial Officer, Gerald Almeroth, reported on the background to the Local Code of Corporate Governance and the draft Local Code. Mr Almeroth reported that, while this was the first time that the elements had been codified and incorporated into a single document, the document reflected the arrangements that were already in place at the Council.</p> <p>The Chair asked if there were questions from the Committee. Cllr Gorrie expressed concern that the wording of Core Principle 2: 'Members and Officers Working Together to Achieve a Common Purpose with Clearly Defined Functions and Roles' did not reflect the political reality of having an opposition, and asked how this could be reflected in the document. Commenting on members' concern, the Chair confirmed that it was his determined objective to conduct the business of this committee, such that it provided independent assurance based on neutral professional advice from our council officers.</p> <p>Mr Almeroth reported that the wording was required under CIPFA and SOLACE guidance, but that further work would be carried out to see how the text could be revised for greater clarity in relation to the distinctions between the ruling party, the opposition and committees such as the Audit Committee and Pensions Committee, where all Members worked together for the best interests of taxpayers.</p> <p>There being no further comments, it was:</p> <p>RESOLVED</p> <ul style="list-style-type: none">i. That the draft Local Code of Corporate Governance be approved subject to the comments made during discussion of	

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	<p>the report.</p> <p>ii. That the process and timescale for consulting Member bodies before adoption by full Council be noted.</p>	
PRAC16.	<p>THE REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT</p> <p>The Head of Audit and Risk Management, Anne Woods, introduced this report, which set out the requirements of the Accounts and Audit (amendment) (England) Regulations 2006 and the action taken to address these. Ms Woods reported that reciprocal peer-group reviews had been carried out between the London Borough of Haringey, the London Borough of Waltham Forest and the Royal Borough of Kensington and Chelsea. The final report from the London Borough of Kensington and Chelsea was appended to the report for consideration by the Committee.</p> <p>On behalf of the Committee, the Chair commented that he was personally determined to further improve the performance of the Audit Committee, and that he would be pleased if the external auditors would assist in this task by identifying and scrutinising shortcomings, if any, in the Committee's work. The Chair welcomed the report that no priority recommendations were made by the Royal Borough of Kensington and Chelsea, (who had attained a 4-star CPA assessment) in their review report on the Council.</p> <p>There being no further comments, it was:</p> <p>RESOLVED</p> <p>i. That the findings of the review of the effectiveness of the system of internal audit be noted.</p> <p>ii. That the action plan to address the identified areas for development be approved.</p>	
PRAC17.	<p>NEW ITEMS OF URGENT BUSINESS</p> <p>There were no new items of urgent business.</p> <p>NOTED</p>	
PRAC18.	<p>DATE OF NEXT MEETING</p> <p>The next scheduled meeting of the Audit Committee would take place on Tuesday 24 June at 19:30hrs at the Civic Centre, Wood Green, London N22.</p>	

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The meeting ended at 21:45hrs.

COUNCILLOR GMMH RAHMAN KHAN

Chair