

**PERFORMANCE SELECT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 21 SEPTEMBER 2006**

Present:- Councillor A Dean – Chairman.
Councillors A J Ketteridge, M J Savage and P A Wilcock.

Officers in attendance: - A Clarke, S Martin, P O'Dell, C Roberts and
T Turner.

Also present at the invitation of the Chairman:- P King, F Palmer and
L Wilcock (Officers of the Audit Commission)

PS 42 **APOLOGIES AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors M L Foley, T Knight,
V J T Lelliott, and E Tealby-Watson.

PS 43 **AUDIT COMMISSION REPORT ON THE COUNCIL'S 2005/06 STATEMENT
OF ACCOUNTS**

The Committee received a lengthy presentation by the Audit Commission representatives on the Council's 2005/06 Statement of Accounts and considered whether it wished to make recommendations to the Operations Committee which would meet on 28th September 2006. Members had before them the 2005/06 Statement of Accounts as agreed by the Operations Committee on 28th June 2006. These were to be amended with any changes proposed by the Auditors and agreed with them, for re-submission to the Operations Committee on 28th September.

At the meeting the Audit Commission representatives circulated a revised version of the report Members had been sent before the meeting. They referred to anticipated new systems of auditing which would affect the Council in future years.

Adjusted misstatements in the financial statements were noted and explanations given.

RESOLVED that

the Committee receives and notes the 2005/06 Statement of Accounts with the Audit Commission Report on them and recommends them for the consideration of the Operations Committee with the following observations from the Performance Select Committee:-

- (i) the Committee supports the principle of the Audit Commission's recommendation to amend the draft financial statements for the uncorrected misstatement identified regarding software licences,

and notes the list of material and significant misstatements already adjusted by management.

- (ii) the Operations Committee be requested to send a letter of protest to the Essex County Council concerning their actuaries' omission of the March pension fund gain from the actuarial valuation of the Pension Fund, causing a substantial misstatement.
- (iii) the Operations Committee be informed that although processes for account production have improved compared with the previous year, the Committee supports the Audit Commission's recommendations that the Council should improve year end and qualitative processes for timely production of the financial statements to ensure the accounts presented for approval are free from significant errors and supported by a robust set of working papers, and that it should ensure that sufficient good quality and permanent staff are recruited by the Council and are available to prepare the accounts and respond to audit queries.
- (iv) the Operations Committee be asked to take on board the Audit Commission's concern that valuations are obtained by the staff preparing the accounts and the amounts checked in a timely manner. Likewise the Committee supports the Commission's recommendation that reconciliations should be prepared and reconciled to the ledger for all feeder systems and cash in transit prior to the approval of the accounts.
- (v) the Operations Committee be asked to note that the fee for the audit is not yet closed and may change.

PS 44 AUDIT COMMISSION UPDATE ON CPA

The Committee received a presentation by Paul King on the CPA process applied to local authorities.

The Chairman thanked him for the presentation.

PS 45 RISK MANAGEMENT – UPDATE

The Committee received the report of the Audit Partnership Manager This report explained that the Council needed arrangements in place to ensure risks were well managed. The report updated Members about the Council's risk management arrangements and work undertaken to improve them since a previous report in March 2006.

The Audit Partnership Manager explained the role of the Risk Management Steering Group in this context and assured Members that it was a part of the

risk management process to maintain a database showing the evaluated likelihood and significance of risks both before action was taken and after control measures were in place.

RESOLVED that the Risk Management Steering Group carry out a review to ensure sufficient progress is being made with embedding risk management at the Council. This is to include a self assessment against the key lines of enquiry in the use of resources assessment and what actions are required to move beyond the self assessment result.

PS 46 **COVALENT DEMONSTRATION**

The Performance Manager, Alaine Clarke, was welcomed to the Committee by the Chairman. She gave a demonstration of the Council's performance management software system and answered Members' questions.

The Chairman thanked her for the presentation.

PS 47 **BUSINESS FOR NEXT MEETING.**

The Chairman of the Committee said he intended to discuss with officers the advisability of an audit of the Council's dispatch service.

He said also that he had asked for the forward programme to be included in the agenda papers for each meeting.

The meeting ended at 10.00pm.

PS43	Reference to Operations Committee	PO'D/CR
PS45	Review of risk management embedding.	SM