

## DECISIONS OF THE AUDIT COMMITTEE

10 October 2005

COMMITTEE:

\*Councillor Wayne Casey (Chairman)  
\$Councillor Brian Coleman (Vice-Chairman)

Councillors:

* Claire Farrier	\$ Daniel Hope
* Mark Langton	* Malcolm Lester
* Leslie Sussman	

\*denotes Member present

**1. MINUTES:**

**RESOLVED – That the decisions of the meeting held on 31 August 2005, be approved as a correct record.**

**2. ABSENCE OF MEMBERS:**

Apologies for absence were received from Cllr. Brian Coleman and Cllr. Daniel Hope.

**3. PUBLIC QUESTION TIME:**

There were no public questions.

**4. DECLARATIONS OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS:**

No interests were declared.

**5. MEMBERS' ITEMS:**

None were received.

**6. MODERNISING CORE SYSTEMS (MCS) PROJECT – POST GO-LIVE UPDATE (Report of the Director of Resources – Agenda Item 6):**

The Director of Resources updated the Committee on various issues within the report relating to the Phase 1 implementation of SAP which went live on 1 August 2005. In particular, the Committee discussed issues around the risks in achieving the required cultural changes within the organisation – changes which would be necessary to ensure maximum effectiveness of the SAP solution.

**RESOLVED –**

- 1. That the Committee note the progress of the Modernising Core Systems Project, in particular how the system is meeting and will**

**continue to meet its objectives efficiently, effectively and economically.**

- 2. That the Director of Resources report to the December meeting of the Committee on progress towards achieving the required cultural changes within the organisation.**

**7. SWIFT COMPUTER SYSTEM/ SOCIAL SERVICE DEBT (Report of the Chief Internal Auditor – Agenda Item 7):**

The Committee discussed with the Chief Internal Auditor; the Head of Childrens' Services; and the Head of Adult Services the report on the SWIFT Computer system and Social Services Debts.

In relation to Social Services Debts and the management of these by the Assessments and Income Section (Adult Services), the Committee noted that, although Internal Audit had undertaken a review of that Section and made recommendations, of the seven recommendations made only one had been implemented. The Committee noted the Management Response that non-implementation of some recommendations was owing to non-implementation of SWIFT's financial assessment module as operational priorities of the Assessment and Income Section currently were focused more on implementation of SAP.

The Committee, having questioned the Chief Internal Auditor on this area of risk, noted that he was satisfied with the Management Response around the delayed implementation of SWIFT's Financial Assessment Module which had been put back to December 2005.

The Committee heard from the Heads of Service concerned. Both indicated that they had not yet had an opportunity to comment on the Chief Internal Auditor's Report as no exit interviews had been held at this stage.

The Committee therefore noted that the report as currently framed was an incomplete audit snapshot which still awaited key input from the relevant Heads of Service.

Accordingly, the Committee

**RESOLVED: That the report be finalised, with comment and input from the Heads of Service concerned, and brought back to the next meeting of the Committee.**

**8. EXTERNAL AUDITOR'S REPORT UNDER STATEMENT OF AUDITING STANDARDS (SAS) 610 FOR THE YEAR 2004/05 (Report of the Borough Treasurer – Agenda Item 8):**

The Committee discussed the External Auditor's Report under SAS 610 for 2004/05.

In relation to the key matters identified by the External Auditor, the Committee noted that the Auditor was satisfied that management actions were being taken to address minor weaknesses in internal financial control systems as a part of SAP implementation. Further, the Committee noted the observation of

the External Auditor that there was a significant area of risk around achieving the cultural change necessary to maximise the potential of SAP and the Modernising Core Systems project.

In relation to the need to further develop working arrangements between the Council and Barnet Homes, the Arms Length Management Organisation, the Committee shared the concern of the External Auditor that clearer information was needed as to the financial governance and audit arrangements within that organisation. The Committee was of the view that it would be reasonable from the perspective of managing the relationship between the Council and Barnet Homes, to enquire as to the internal governance arrangements of Barnet Homes. The Committee noted that the Head of Housing was responsible for overseeing the Council's Management Agreement with the ALMO, and that it would therefore be appropriate for the Head of Housing to pursue this matter with Barnet Homes and report back to the Committee by the end of the year.

In relation to a formal question which had been asked of the External Auditor about the 2004/05 accounts, the Committee noted that this might delay closure and certification of the accounts but would not necessarily delay the auditor's opinion on the accounts being given.

**RESOLVED:**

- 1. That the matters raised by the external auditor relating to detailed aspects of the 2004/05 accounts, including the pension accounts audit, be noted;**
- 2. That the management response to matters raised by the external auditor be noted;**
- 3. That the Committee note that, at this stage in the audit, there are no material adjustments which will not be processed by management; and**
- 4. That the Head of Housing obtain details from Barnet Homes as to that organisation's internal financial governance arrangements, and report back to the December meeting of the Committee.**

The meeting closed at 8.14 pm