

AUDIT COMMITTEE
MINUTES OF THE MEETING HELD ON THURSDAY 28th JUNE 2007

Present

Councillors Ball, Bogle, Drake, Marsh-Jenks, Noon, Parnell, Sollitt and Wells.

1. APOLOGIES

The Committee noted that apologies had been received from Councillors Beckett and Odgers and that in accordance with the provisions of Council Procedure Rules 4.3 and 4.4 Councillor Drake had replaced Councillor Beckett and Councillor Parnell had replaced Councillor Odgers.

2. APPOINTMENT OF CHAIR

RESOLVED that Councillor Bogle be appointed Chair of the Committee for the Municipal Year 2007/08.

COUNCILLOR BOGLE IN THE CHAIR

3. APPOINTMENT OF VICE-CHAIR

RESOLVED that Councillor Sollitt be appointed Vice-Chair of the Committee for the Municipal Year 2007/08.

4. MINUTES

RESOLVED that the minutes of the meeting held on 28th March 2007 be approved and signed as a correct record. (Copy of the minutes circulated with the agenda and appended to the signed minutes).

5. ANNUAL AUDIT AND INSPECTION LETTER 2006

The Committee considered the report of the Chief Internal Auditor on the Audit Commission's 2006 Annual Audit and Inspection Letter presenting the results of the statutory audit of the Council's 2005/6 Financial Accounts. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED

- (i) that the 2006 Annual Audit and Inspection Letter be noted;
- (ii) that training on risk management be arranged for Councillors as soon as possible in 2007; and

- (iii) that training on the role of the Audit Committee and the risk-based approach to audit be scheduled for Audit Committee Members before the first meeting of the Committee in each Municipal Year.

6. **CHIEF INTERNAL AUDITOR'S ANNUAL REPORT AND OPINION 2006/07**

The Committee considered the report of the Chief Internal Auditor on the effectiveness of the Council's system of internal control and to assist in producing the Statement on Internal Control. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the Chief Internal Auditor's Annual Report and Opinion for 2006/07 be noted.

7. **AUDIT COMMISSION'S INTERNAL AUDIT ASSESSMENT 2006/07**

The Committee considered the report of the Chief Internal Auditor on the Audit Commission's assessment of Internal Audit for 2006/07. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the Internal Audit Assessment report and the actions proposed by Internal Audit to ensure full compliance with the revised CIPFA (The Chartered Institute of Public Finance and Accountancy) Code of Practice for Internal Audit 2006 be welcomed and the action plan, as set out in Appendix 2 of the submitted report, be endorsed.

8. **REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

The Committee considered the report of the Chief Internal Auditor summarising the measures currently in place to monitor the effectiveness of the system of internal audit and proposing an approach for future reviews. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the proposals, as set out in the submitted report, for establishing a way forward to enable the Council to conduct future reviews of the effectiveness of the system of internal audit (including a peer review from another Council via their Head of Internal Audit, and a review of the effectiveness of the Audit Committee against good practice guidance) be approved.

9. **STATEMENT ON INTERNAL CONTROL 2006/07**

The Committee considered the report of the Executive Director of Resources seeking approval of the draft Statement of Internal Control (SIC) and recommending its acceptance to the Standards and Governance Committee prior to the document being forwarded to the Chief Executive and Leader of the Council for signing. (Copy of the report circulated with the

agenda and appended to the signed minutes).

RESOLVED

- (i) that the draft Statement of Internal Control (SIC) be endorsed;
- (ii) that Standards and Governance Committee be recommended to approve the draft Statement of Internal Control (SIC) for signing by the Chief Executive and Leader of the Council; and
- (iii) that the content of the Significant Internal Control Issues - Action Plan Status document, as set out in Appendix 2 to the submitted report, be noted.

10. STATEMENT OF ACCOUNTS 2006/07

The Committee considered the report of the Executive Director of Resources seeking approval, in accordance with the Accounts and Audit Regulations 2003, of the Statement of Accounts 2006/07. (Copy of the report circulated with the agenda and appended to the signed minutes).

The Committee requested that officers clarify the detail of the Contributions of Housing Capital Receipts to Government Pool and Interest payable and Similar Charges elements of the table, on Page 3 of Appendix 1 of the submitted report, in time for the meeting of Standards and Governance Committee on 29th June 2007.

The Committee also requested Officers to confirm whether the requirements of Regulation FRS 17 relating to the estimates of assets and liabilities to the Superannuation Fund (Paragraph c) on page 37 of the appendix to the submitted report) had been complied with.

RESOLVED that, subject to the clarifications referred to above, Standard and Governance Committee be recommended to approve the 2006/07 Statement of Accounts.

11. INTERNAL AUDIT: STATUS OF WORK 1ST JANUARY - 31ST MAY 2007

The Committee considered the report of the Chief Internal Auditor summarising the activities of internal audit for the period 1st January to 31st May 2007. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the Internal Audit Status of Work report for 1st January – 31st May 2007 as set out in the appendix to the submitted report be noted.

12. RISK MANAGEMENT ACTION PLAN

The Committee considered the report of the Executive Director of Resources on the Risk Management Action Plan for 2007/08 and the status of the Risk Management Action Plan 2006/07. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED

- (i) that the Risk Management Action Plan for 2007/08, as set out in Appendix 1 to the submitted report, be approved;
- (ii) that the status of the Risk Management Action Plan 2006/07, as set out in Appendix 2 to the submitted report, be noted; and
- (iii) that Cabinet be recommended that all reports for Executive key decisions contain an assessment of risk for the course(s) of actions or scheme(s) being recommended and that Audit Committee be kept informed of Cabinet's decision.

13. ANTI FRAUD AND ANTI CORRUPTION POLICY STATEMENT AND STRATEGY

The Committee considered the report of the Chief Internal Auditor seeking approval of an Anti Fraud and Anti Corruption Policy Statement and Strategy for the Council. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED

- (i) that the Anti Fraud and Anti Corruption Policy Statement (Appendix 1 of the submitted report), the Anti Fraud and Anti Corruption Strategy (Appendix 2 of the submitted report) and the Fraud Response Plan (Appendix 1 of the Anti Fraud and Anti Corruption Strategy) be approved; and
- (ii) that officers be requested to review the definition of 'fraud' used in Paragraph 2.1 in both the Anti Fraud and Anti Corruption Policy Statement and the Anti Fraud and Anti Corruption Strategy.

14. PROTOCOL FOR LIAISON BETWEEN INTERNAL AND EXTERNAL AUDIT

The Committee considered the report of the Chief Internal Auditor seeking approval of a protocol for liaison between Internal and External Audit. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the Protocol for Liaison between Internal and External Audit be approved.

