

AUDIT SUB-COMMITTEE

25th February 2009

**PRESENT:-**

**Conservative Group**

Councillor Timms (Chairman), Councillor Atkin (Vice-Chairman) and Councillor Jones.

**Labour Group**

Councillors Lane and Shepherd.

AS/13. **MINUTES**

The Open Minutes of the Meeting held on 25th September 2008 were taken as read, approved as a true record and signed by the Chairman.

With regard to Minute No. AS/12, the Summary of Internal Audit Reports, a Member referred to two of the resolutions. It was requested that reports be submitted to the next meeting of the Audit Sub-Committee on the management of Section 106 Agreements and that the Monitoring Officer be invited to discuss the potential need to review the Constitution, in view of the Comprehensive Area Assessment and the Local Area Agreement.

**MATTERS DELEGATED TO SUB-COMMITTEE**

AS/14. **LOCAL CODE OF CORPORATE GOVERNANCE – REVIEW OF SELF-ASSESSMENT**

It was reported that a revised Local Code of Corporate Governance was adopted by the Council on 3rd July 2008. At that time, a self-assessment audit was undertaken to provide evidence about the Council's commitment to Corporate Governance. The Audit Sub-Committee was charged with receiving half-yearly reports on progress in relation to compliance with the six core principles, on which the Code was based.

The report provided a definition of Corporate Governance and included sections on the purpose of a Local Code of Governance, the commitment to Corporate Governance and what the Council's governance arrangements were measured against. Under this heading, reference was made to the CIPFA/SOLACE guidance and the six core principles.

Members were reminded of the senior officer group established in May 2008 to assess the governance arrangements and this group met on a six-monthly basis. It had carried out an assessment against the CIPFA/SOLACE checklist and details were provided of the measurement of compliance,

including a table showing the scoring mechanism. It was agreed that an action plan be created, with a view to addressing issues that had scored below a seven out of ten rating. A copy of the action plan, showing the progress made to date was appended to the report. The self-assessment provided evidence to show how the Council had fulfilled or intended to fulfil its commitment to the high standards of corporate governance. It established the Council's baseline position. A report showing progress that had been made was also appended to the report. Members of the Sub-Committee had been invited to attend a workshop on 20th November 2008, to discuss both the action plan and self-assessment and their comments had been incorporated into these documents. A further review would be undertaken in May 2009 and then reported back to the Sub-Committee.

Officers hoped that a peer review would be undertaken by the end of the current municipal year. A Member referred to the training and development programme listed under the action plan and felt it would be useful to include audit training. Officers then explained the planned external review of the Audit Sub-Committee and the audit function by Price Waterhouse Coopers, which would include on-site work and a session with some Committee Members. It was planned for the audit to take place over the next few weeks and this work would be funded from an identified saving on fees.

**RESOLVED:-**

***That the Sub-Committee receives the review and reports to Council on progress in achieving the action points set out in the Self Assessment of performance under the Local Code of Corporate Governance.***

AS/15. **INTERNAL AUDIT WORK PLAN 2009/10**

It was reported that Internal Audit was an assurance function that provided the organisation with an independent and objective opinion on the degree to which the control and governance environment supported and promoted the achievement of the organisation's objectives. It examined, evaluated and reported on the adequacy of the internal control environment.

The work of Internal Audit was planned in advance, to ensure reasonable coverage of all activities, within the resources available. The strategic audit planning process comprised needs, risk and resource assessments, which culminated in the development of a long-term plan. The current plan was approved by the Finance and Management Committee in April 2006, prior to the creation of the Sub-Committee. The plan was flexible, due mainly to its rolling nature.

Each year a work plan was produced, with progress monitored on a quarterly basis. The report explained how the annual work plan was derived from the strategic plan, adjusted for slippage, the requirements of external audit and feedback from the Corporate Management Team. It contained the time allocations used for audit work. The report explained the approach taken where the team did not have capacity, or specialist expertise was required. It gave information on the evaluation of new computer systems and a higher level of sickness absence, which had necessitated some audit work being

rolled forward to 2009/10. An allocation had been included to undertake a specialist computer audit. Progress on the plan would be monitored on a quarterly basis and reported in more detail to the Sub-Committee.

Related to governance, a Member expressed some concerns on the approach to planning conditions enforcement. Following discussion, there was a consensus amongst Members that a report on this subject should be submitted to the Environmental and Development Services Committee and that a further report be provided back to the Audit Sub-Committee on that Committee's findings.

**RESOLVED:-**

***That the Sub-Committee agrees the Annual Work Plan for 2009/10.***

AS/16. **SUMMARY OF INTERNAL AUDIT REPORTS 2008/09 (SEPTEMBER-JANUARY)**

It was reported that the Internal Audit team undertook its work in accordance with the Council's Strategic Audit Plan. Reports and other documents were produced for many areas of audit work, detailing recommendations for improvements in internal control. Recommendations were categorised dependent upon the degree of risk identified and a summary of the reports was submitted. This included, where appropriate, progress on the implementation of recommendations reported previously. During this period, Internal Audit had undertaken work on:-

- Treasury Management
- Travel and Subsistence
- Housing Benefits
- Cheque Reconciliation
- Housing Benefits subsidy work
- Cash and Banking
- Section 106 Agreements
- Document retention
- Academy Revenue System
- 2008/09 Material System Audits
- Capital Schemes

The service had given advice on security, contract, control and corporate governance issues. Statistical data was provided on the completion of planned audit days up to the end of December 2008 and a more detailed analysis against the various elements of the Audit Plan was appended to the report.

Arising from this report, Officers gave an outline of the short-term banking arrangements.

**RESOLVED:-**

***That the Committee accepts the summary of audit reports as submitted.***

H.M. TIMMS

CHAIRMAN

The Meeting terminated at 4.45 p.m.