

AUDIT SUB-COMMITTEE

18th April 2007

PRESENT:-

Labour Group

Councillor Shepherd (Chair), Councillor Bell (Vice-Chair) and Councillor Lane.

Conservative Group

Councillors Atkin and Bladen.

AS/23. MINUTES

The Open Minutes of the Meeting held on 28th February 2007 were taken as read, approved as a true record and signed by the Chair.

MATTERS DELEGATED TO SUB-COMMITTEE

AS/24. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

The Sub-Committee considered a report on the effectiveness of the Council's internal audit function. Members were advised that Regulation 6 of the Accounts and Audit (Amendment) Regulations 2006 required that Councils review the effectiveness of their system of internal audit once a year and that the findings of the review be considered by an appropriate Committee. This process formed part of the overall system of internal control which would be considered further by the Sub-Committee at its Meeting in June 2007. The review process was intended to strengthen governance and accountability within Councils.

For South Derbyshire District Council, internal audit was the central audit team as no other audit functions were undertaken elsewhere in the Council or any audit functions outsourced. The Audit Commission had advised that although elements of its external audit work could contribute to the Annual Review, its work was not comprehensive enough to cover all elements of the review and could not be relied upon to fulfil the requirements of Regulation 6.

The Director of Corporate Services had undertaken the review, which was based on a check list contained in the Separate Code of Practise for Internal Audit (2006). This provided guidance based on ten characteristics which had been used to test the effectiveness of internal audit. The review was not about processes or value for money. The focus of the review was on the delivery of the internal audit service to the standard required so as to act as a reliable assurance on internal control and management of risks. The review would also consider the extent to which Audit added value to the authority in terms of delivery of its services and priorities.

The review of the Council's Internal Audit Function for 2006/07 set out ten specific characteristics with the corresponding evidence showing how the Council's Audit Function compared to each of them. The ten characteristics,

together with the supporting evidence, conclusions and areas to be developed are attached at Annexe 'A' to these Minutes.

RESOLVED:-

That the Finance and Management Committee be recommended as follows:-

- (1) That the following areas to be developed as identified in the report be approved:-***
 - That the internal audit strategy be reviewed and reported to the Audit Sub-Committee in September 2007.***
 - That an audit satisfaction questionnaire be introduced to obtain feedback from users of the service which would then form part of an annual satisfaction survey which would be reported to the Audit Sub-Committee from 2007/08 onwards.***
- (2) That, on the basis of the information provided in the report, particularly the ten characteristics for reviewing the effectiveness of internal audit and the evidence provided, the Council's internal audit service is considered to be effective.***

D.G. SHEPHERD

CHAIR

The Meeting terminated at 4.55 p.m.