

AUDIT COMMITTEE

12th July, 2006

PRESENT - Councillors Baldwin and Harker and Mr. J. Morton.

APOLOGIES - Councillor Johnson.

ABSENT -

A1. CHAIR – RESOLVED – That Councillor Baldwin be appointed Chair of this Committee for the Municipal Year 2006/07.

A2. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A3. EXTERNAL AUDIT PLAN 2005/06 – The Director of Corporate Services submitted a report (previously circulated), together with a copy of the 2005/06 Audit Plan, (also previously circulated) prepared by the Council’s appointed external auditors PriceWaterhouseCoopers (PwC) in consultation with Officers.

Paul Harrison, Accounts and Governance Specialist, from PwC presented the Plan and referred specifically to the significant Audit Risks identified during the Audit planning process and its proposed responses to those risks.

Reference was also made to the Audit Commission’s Statement of Responsibilities of Auditors and Audited Bodies, which set out the respective responsibilities of external auditors and audited bodies, and it was requested that this Statement be circulated to Members.

RESOLVED – That the 2005/06 External Audit Plan be noted.

A4. AUDIT AND INSPECTION PLAN 2006/07 - The Director of Corporate Service submitted a report (previously circulated), together with a copy of the 2006/07 Audit and Inspection Plan (also previously circulated) prepared by the Audit Commission and PwC, in consultation with Officers.

Sarah Diggle, the Council’s Relationship Manager, from the Audit Commission, presented the Plan, which set out the audit and inspection work that the Audit Commission and PwC proposed to undertake in 2006/07, which had been drawn up from PwC’s risk-based approach to audit planning and the requirements of the new Comprehensive Performance Assessment CPA – The Harder Test.

It was reported that as the Council had been classified as a ‘4-star’ Council in December 2005, the Audit Commission’s inspection activity would focus on the Direction of Travel Statement.

RESOLVED – That the Audit and Inspection Plan 2006/07 be noted.

A5. AUDIT SERVICES – TERMS OF REFERENCE – The Chief Internal Auditor within the Corporate Services Department submitted a report (previously circulated) requesting that approval be given to the Audit Services’ Terms of Reference (also previously circulated), which

had been refreshed to reflect amendments to legislation and to include the range of audit opinions and the priority ranking of recommendations.

It was reported that the Terms of Reference provided for an annual review to ensure their relevance was maintained and that approval was sought for any amendments. The Audit Services' Role and Terms of Reference were originally approved by Cabinet in June 2002 and had been subsequently amended and approved in March 2004, to reflect the updated CIPFA Code of Practice for Internal Audit in Local Government 2003.

RESOLVED – That the Audit Service's Terms of Reference, as detailed in the appendix to the submitted report, be approved.

A6. AUDIT SERVICES – ANNUAL AUDIT PLAN 2006/07 – In accordance with the Audit Services Terms of Reference, the Chief Internal Auditor submitted a report (previously circulated), together with the Audit Services' Audit Plan for 2006/07 and associated performance indicators (also previously circulated).

It was reported that progress against the Plan and performance measures would be reported to the Audit Committee during the year.

RESOLVED – (a) That the Audit Services' Audit Plan for 2006/07 be approved.

(b) That the performance indicators to monitor the effectiveness of the Council's internal control environment and the operational performance of Audit Services, as appended to the submitted report, be noted.

A7. STATEMENT OF INTERNAL CONTROL (SIC) FRAMEWORK – The Chief Internal Auditor submitted a report (previously circulated) outlining the framework for the production of the Statement of Internal Control (SIC), a document which was required to be published each year, in accordance with Regulation 4 of the Accounts and Audit (Amendment) Regulations 2006.

The submitted report outlined the purpose of the SIC to provide a continuous review of the effectiveness of the Council's internal control systems, so as to give assurance on their effectiveness and to produce a management action plan, if necessary, to address any areas identified for improvement.

RESOLVED – That the SIC Framework, as detailed in the Appendix to the submitted report, be noted.

A8. FINANCIAL MANAGEMENT AND ACCOUNTING OVERVIEW – The Director of Corporate Services submitted a report (previously circulated) updating Members on key financial management and accounting issues to help fulfil the Committee's responsibilities in relation to the Council's accounts.

The submitted report made reference to this Committee's responsibility to review the annual statement of accounts, specifically to consider whether appropriate accounting policies had been followed and whether there were concerns arising from the financial statements or from the audit that needed to be brought to the attention of the Council, and to consider the external auditor's report to those charged with governance on issues arising from the Audit of Accounts.

It was reported that the Council's 2005/06 Accounts were approved by Council on 26th June, 2006, and that the Auditor's report would be submitted to this Committee later in the year.

References were made to the Regulatory Framework, which required local authorities to prepare an Annual Statement of Accounts, for them to be approved by Members, published and audited, this Council's Financial Management Arrangements and External Financial Reporting.

RESOLVED – That the report be noted.