

## AUDIT COMMITTEE

A meeting of the Audit Committee was held on 17 September 2009.

**PRESENT:** Councillor Clark (Chair), Councillors Hobson and Majid.

**OFFICERS:** B Baldam, S Harker and D Robinson.

**\*\*PRESENT BY INVITATION:** Councillor N J Walker.

### **\*\* MINUTES**

The minutes of the meeting of the Audit Committee held on 23 June 2009 were taken as read and approved as a correct record.

### **SUSPENSION OF COUNCIL PROCEDURE RULE NO. 10 – ORDER OF BUSINESS**

In accordance with Council Procedure Rule No. 10, the Committee agreed to vary the order of business to deal with the items in the following order: Agenda Item 5, Agenda Item 4.

### **AUDIT PLAN 2009/2010 – PROGRESS REPORT**

The Head of Internal Audit presented a report outlining the work completed by the Internal Audit Service during the period 1 April to 30 June 2009.

The actual number of audit days delivered was 95% of the planned total. The shortfall was due to high levels of sickness within the period including two long-term absences. The Internal Audit Plan for 2009/2010 was attached at Appendix A to the submitted report and recorded the current status of the internal audit assignments.

Final reports had been issued for audits from the 2009/2010 audit programme in relation to: Community Councils, Youth and Community Centres, Newlands FCJ and St David's Secondary Schools, Tollesby Special School and St Bernadette's RC Primary School. The Head of Internal Audit confirmed that in relation to the Community Councils, 23 audits had now been completed.

The Head of Internal Audit highlighted an issue at one of the Youth and Community Centres where additional work had been carried out. The Centre Manager had been on sickness absence leave and there was currently a shortfall in predicted income. New procedures had been implemented to ensure that all income was invoiced and recorded accurately.

In addition to planned audits, ad hoc work had been undertaken on a Stage 2 investigation under the Council's complaints procedure, a review of car mileage claims, a review of the use of petty cash and advice had been provided to services on new and revised procedures. Internal Audit had also undertaken unplanned work on two grant claims: Supporting People (19 days) and Places for Change (2 days) during the period under review.

The Audit Committee received progress reports from the Head of Internal Audit outlining the results of audits carried out and the key themes arising. A summary of the findings from the final reports was included at Appendix B to the submitted report.

**RECOMMENDED** that the Audit Plan 2009-2010 Progress Report be noted.

### **AUDIT COMMITTEE REVIEW OF EFFECTIVENESS**

The Deputy Director of Resources presented a report to set out terms for a review of effectiveness of the Audit Committee.

The purpose of the Audit Committee was to provide independent assurance of the adequacy of the risk management framework and internal control environment and independent scrutiny of the Authority's financial and non-financial performance to the extent that it affected the Authority's exposure to risk and weakened the control environment. This included monitoring the integrity of financial statements, reviewing the Corporate Governance Statement of Internal Control and considering the planned activity and outputs of both Internal and External Audit.

The Council's Audit Committee was established in May 2007 and the current terms of reference were attached at Appendix A to the submitted report. The Committee had met on a regular basis over the past two years and before each of the meetings there had been a training session for Members.

Concerns had been raised by the External Auditor about the role of the Audit Committee within the Council's corporate governance structure and its effectiveness in assessing and challenging governance issues.

The Chartered Institute of Public Finance Accountants (CIPFA) and the External Auditors had recommended that from time to time the Audit Committee should undertake a formal review of its effectiveness. It was suggested that the review would be wide ranging and cover the following areas:

- Committee structure and role clarity.
- Committee composition.
- Member training.
- Committee operation.
- Reports to the Committee.

Members discussed several issues in each area including the possibility of increasing the membership of the Committee, improving the quality and presentation of reports and appointing an officer from an external organisation to undertake the review.

The findings from the review and any actions required to improve effectiveness would be reported back to the Committee and the Executive.

**RECOMMENDED** that:

1. a formal review of the Audit Committee be undertaken.
2. an external organisation would be approached with a view to providing an officer to undertake the review.