

THE MINUTES OF THE MEETING

OF THE AUDIT COMMITTEE

HELD ON THURSDAY 21 DECEMBER 2006

Present: Councillor G Pinkney (Chair)
Councillors E Bell, Mrs G Bleasdale,
R Davison, Mrs M Nugent, B Quinn
and P Stradling

- 1 **THE MINUTES OF THE LAST MEETING** held on 30 November 2006, a copy of which had been circulated to each Member, were confirmed.

- 2 **STATEMENT ON INTERNAL CONTROL – FOLLOW UP**

Consideration was given to the report of the Audit Manager which provided an update on progress made on the actions identified in the Council's Statement on Internal Control for 2005/2006, a copy of which had been circulated to each Member.

Members were advised that the Accounts and Audit Regulations 2003 introduced a new requirement on local authorities to prepare a Statement on Internal Control (SIC) to be included with the annual statement of accounts. The regulations specified that the authority should have a sound system of internal control, which included arrangements for the management of risk and conduct a review at least once a year of the effectiveness of its system of internal control.

Although the ultimate responsibility for the review process lay with the Council, in practice, it was the Audit Committee that would be responsible for obtaining and reviewing the various assurances.

The internal control issues identified in the Council's SIC for 2005/2006 and the agreed actions were detailed in the report.

In relation to data quality arrangements an action plan had been completed and the Corporate Support Team had carried out checks in accordance with the action plan, however, due to sick leave not all of the checks had been completed. It was expected that further checks would then be carried out in December.

With regard to partnership risks the Corporate Support Team, due to other projects taking priority, had carried out no work. However, it was in their work plan to be carried out. In relation to risk management the agreed actions had been completed and the business continuity plan had been completed in draft and was to be considered by Management Team.

RESOLVED that the information contained within the report be noted and the Audit Committee continue to monitor the progress of the outstanding issues.

- 3 **BENCHMARKING INTERNAL AUDIT**

Consideration was given to the report of the Audit Manager which gave an update on progress made in benchmarking the Internal Audit Service at Easington against the other District Councils within County Durham, a copy of which had been circulated to each Member.

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Members were advised that all local authorities had a duty to plan to provide their services under the principles of best value, and to implement those plans. One of the elements of best value was to compare performance with others.

The benchmarking model used, was agreed by the Durham District Internal Audit Sub Group which consisted of Audit Managers from all seven County Durham districts and was divided into the following areas.

(i) Cost and Use of Audit Time

This outlined the cost of the audit section and how its time was split between chargeable and non-chargeable days. Easington was the most expensive per total cost per full time equivalent but this was reflected in the staffing and experience of the section, where it could be seen that the authority had some of the best-qualified and most experienced staff, hence all employees were at the top of their pay grades.

(ii) Chargeable Audit Days

This was broken down between the main areas of audit work. Less audit days had been carried out on main financial systems than most of the others. However, this was a decision taken by the Audit Manager during the year, as other work had taken priority. This decision was reached as previous main financial audits had highlighted that the Council had strong systems, and as there had been no significant changes during the year no further days would be spent on these systems.

(iii) Non-Chargeable Audit Days

Non-chargeable audit days were broken down to areas of audit time which were not allocated to Council departments. Easington's results were, on average, the same as other districts, although administration and sick leave was higher.

(iv) Main Financial Systems

Less audit days had been carried out on main financial systems than most of the other districts.

(v) Staffing

Pay grades within the audit section reflected the qualifications and experience of the staff.

(vi) Qualifications

Easington had the best-qualified staff of the internal audit sections.

(vi) Experience

Easington had the most experienced staff of the internal audit sections.

RESOLVED that the information contained within the report, be noted.