

THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of the Audit Committee held on Friday 15 June 2007 at 2.00pm

Members Present: Councillors G Armstrong, R Harrison, JM Proud and J Shiell.

Officers Present: J McConnell (Chief Internal Auditor), K Roberts (Principle Internal Auditor) and C Turnbull (Democratic Services Officer).

1 APPOINTMENT OF CHAIRMAN

The Democratic Services Officer invited nominations for the appointment of Chairman of the Committee.

RESOLVED: "That Councillor G Armstrong be appointed Chairman of the Committee for the ensuing year."

Councillor Armstrong placed on record his thanks to the Committee's former Chairman and Vice Chairman, Councillors C Carr and R Richardson, for their work on developing the Committee.

2 APPOINTMENT OF VICE CHAIRMAN

The Chairman invited nominations for the appointment of Vice Chairman.

RESOLVED: "That Councillor R Harrison be appointed Vice Chairman of the Committee for the ensuing year."

3 MINUTES OF MEETING HELD 19 APRIL 2007

RESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 19 April 2007 copies of which had previously been circulated, be confirmed as being a correct record."

The Chairman proceeded to sign the minutes.

4 DECLARATIONS OF INTEREST BY MEMBERS

There were no declarations of interest from Members.

5 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Chief Internal Auditor giving an update of the findings of Internal Audit work completed within the last quarter of the 2006/2007 financial year. The report contained executive summaries of audits on Accounts Payable, Payroll and Cash and Banking.

K Roberts, Principle Internal Auditor, advised of the five areas/categories that services were assessed against at audit:

- Service objectives and whether progress is monitored
- Compliance with regulations and guidance
- Quality of data used
- Economic and efficient use of resources
- Safeguard of Council's assets

Accounts Payable

The Principle Internal Auditor, advised this was a follow-up audit to the main audit in August 2006 when 11 recommendations were made. Six of the recommendations had been fully implemented, 4 were progressing and 1 was disputed. The disputed area related to funds checking prior to raising orders that was referred to in the meeting held 19 April 2007.

Councillor Proud enquired of the possibility of imposing completion dates for the 4 outstanding recommendations, when the Chief Internal Auditor advised that this would be addressed in her report to the July 2007 meeting.

Payroll

The Principle Internal Auditor spoke to the executive summary and key findings.

Cash and Banking

The Principle Internal Auditor spoke to the executive summary and key findings.

Members expressed concern about safety of staff as the security of the cash office was reported to be in need of review, and requested that the Chief Executive be advised of their concern.

6 REVIEW OF THE SYSTEM OF INTERNAL AUDIT

Consideration was given to a report from the Chief Internal Auditor detailing the outcome of a self-assessment review of the system of internal audit.

The Chief Internal Auditor advised that the Council was required to review the effectiveness of their system of internal audit once a year and for the findings to be considered by Members. She reported that the result of the self-assessment indicated that the Internal Audit Section was **Working Towards** full compliance with the eleven standards of the CIPFA Code of Practice for Internal Audit 2006 and also that the Audit Committee was **Working Towards** full compliance with the criteria of the CIPFA BGF Audit Committee Toolkit 2006.

The Chief Internal Auditor advised that the Internal Auditor from Derwentside District Council was requested to undertake a Peer Review of the effectiveness of internal audit. The review concurred that the Internal Audit Section continued to work towards full compliance with the CIPFA Code of Practice.

RESOLVED: "That the outcomes of the self assessment and peer review, as detailed in the reports from the Chief Internal Auditor and the Internal Auditor, Derwentside District Council, be accepted."

7 INTERNAL AUDIT ANNUAL REPORT 2006/2007

Consideration was given to the annual report from the Chief Internal Auditor on the findings and conclusions of Internal Audit and providing an opinion on the effectiveness of the internal control environment.

The Chief Internal Auditor spoke to the report and advised of her opinion, based on the results of the audit assignments carried out during 2006/2007, that the internal control environment had improved to a position where it was **Adequate** and **Effective**. She further advised that there were sufficient and robust action plans in place to rectify the weaknesses that had been identified.

RESOLVED: "That the Annual Report be endorsed and submitted to Council."

The meeting terminated at 2.57pm

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