

CHORLEY BOROUGH COUNCIL

AUDIT COMMITTEE 11 July 2005

Present: Councillor Lennox (Chair), Councillor McGowan (Vice-Chair) and Councillors Goldsworthy, R Snape and J Wilson

05.AU.01 APOLOGIES OF ABSENCE

Apologies for absence were received from Councillors Case and Russell.

05.AU.02 DECLARATIONS OF ANY INTERESTS

No members declared an interest.

05.AU.03 MINUTES

RESOLVED – That the minutes of the meeting of the Audit Committee held on 10 March 2005 be confirmed as a correct record.

05.AU.04 STATEMENT ON INTERNAL CONTROL

The Committee received a report from the Corporate Governance Group on the draft Statement on Internal Control which had been produced in accordance with CIPFA guidelines.

The Council's Audit and Risk Manager gave a presentation on the purposes and content of the draft Statement of Internal Control, which the Council were statutorily required to produce and publish alongside its financial statements.

An addendum document was circulated at the meeting explaining how the draft Statement had been produced, and highlighting the control systems that currently exist and the action plans necessary to address weaknesses and ensure adequate internal control systems are put in place to address the weak areas.

A number of questions were raised that the Audit and Risk Manager and the Director of Finance answered to the satisfaction of the members.

RESOLVED – That the Statement on Internal Control be approved and formally signed-off by the Executive Leader, Chief Executive, Director of Finance and the Director of Legal Services prior to submission for external audit with the 2004/05 financial statements.

05.AU.05 INTERNAL AUDIT ANNUAL REPORT FOR 2004/05

The Director of Finance submitted a report that summarised the work of the Internal Audit Service during 2004/5; appraised the Internal Audit Service's performance and provided an assessment of the adequacy and effectiveness of the Authority's control systems.

An appendix to the report gave an assessment and rating on the adequacy of the controls for each of the systems examined by the Internal Audit Section during the year, indicating the action that was required to address any identified risk. The overall opinion was that the Council, in general, continues to operate within a sound control environment.

The Report also highlighted the following achievements and development within the Internal Audit Service:

- Establishing a corporate framework & process to evaluate the Council's system of internal control to support the Statement of Internal Control (SIC);
- Facilitating workshops in business risk assessment as part of a new integrated business planning process;
- Reviewing key financial systems to meet the Audit Commission's Code of Practice and managed audit requirements;
- Providing controls advice & assurance in respect of the new Radius financial systems.

RESOLVED – That the Annual Internal Audit Report be noted.

05.AU.06 AUDIT AND INSPECTION PLAN FOR 2005/06

The Chair welcomed Mr G Kelly (Audit Manager) from the Audit Commission who had been invited to attend the meeting to present and answer Members' queries on the Commission's draft Audit and Inspection Plan for 2005/2006.

Applying the principles of strategic regulation that recognised the key strengths and weaknesses in the Authority's performance following the Council's CPA classification, the Audit Commission's inspection activity would focus on the Council's Direction of Travel Statement. This would assess the Council's progress in achieving continuous improvement.

The draft plan highlighted the areas to be examined and the identified risks to be specifically addressed, drawn up from their risk-based approach to audit planning and reflected:

- the impact of the new Code of Audit Practice which comes into effect in April 2005;
- local risks and improvement priorities;
- current national risks relevant to local circumstances; and
- the impact of International Standards.

RESOLVED – That the draft Audit and Inspection Plan for 2005/06 be noted and approved.

Chair