

REPORT OF THE AUDIT COMMITTEE

GENERAL REPORT

1. This report gives a brief summary of the items discussed at the meeting of the Audit Committee held on 22 June 2006.

Role and functions of the Audit Committee

2. The Audit and Risk Manager gave a presentation to Members on the Role and Function of the Audit Committee, which highlighted:
 - The need to revise the structure and functions of the Audit Committee;
 - The importance of compliance with the new CIPFA guidance on best practice;
 - The need to establish a separation of functions between the Audit Committee and Executive/Scrutiny functions;
 - The role of the Audit Committee in overseeing the operation of the Councils overall corporate governance and internal control framework;
 - The need to avoid any duplication within the work programmes of the Audit Committee and the Overview and Scrutiny Committee.

Internal Audit Annual Report 2005/06

3. The Director of Finance submitted a report which summarised the work undertaken by the Internal Audit Service during 2005/06 financial year and gave an opinion on the adequacy and effectiveness of the control environment in the Council as a whole and individual services areas.
4. The report highlighted the following achievements and developments within the service:
 - Co-ordinating the Use of Resources/Value for Money self assessment exercises on behalf of the Council;
 - Charting all the major financial systems and evaluating key controls in accordance with the new International Standards of Auditing;
 - Overseeing the review of the system of internal control and producing the Statement on Internal Control;
 - Assisting with the establishment of the new Audit Committee arrangements;
 - Revising the processes and formats for producing risk registers;
 - Overseeing the process to renew the Council's insurances.

Statement of Internal Control

5. The Committee considered a report was submitted by the Corporate Governance Group on the statutory and other regulatory obligations now placed on the Council to continuously review its system of internal

control and to publish a Statement of Internal Control alongside its financial statements.

6. The approved Statement would need to be formally signed off by the Leader and Chief Executive and be submitted for External Audit.

External Audit and Inspection Plan

7. We received a report from the Audit Commission on the Audit and Inspection Plan of the Council. The plan set out the work programme that the Audit Commission proposed to undertake in 2006/07.
8. The plan had been drawn up from their risk-based approach to audit planning and reflected:
 - The Code of Audit Practice;
 - Audit and inspection work specified by the Audit Commission for 2006/07;
 - Our local risks and improvement priorities; and
 - Current national risks relevant to local circumstances.
9. The Audit Commission also advised the Committee of the current consultation on the likely methodology and envisaged timetable for future CPA assessments.

Ethical Governance Review

10. The Audit Commission submitted a report on setting high ethical standards and ethical governance. The report set out the scope and objectives of the audit, to be undertaken on ethical governance.
11. The Audit Commission will undertake a document review, hold interviews with Key Members and Officers and deliver a facilitated workshop to help Members and Officers on key issues.

Recommendation

13. The Council is recommended to note this report.

COUNCILLOR J WILSON
Chair of Audit Committee

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