

Minutes of the meeting of the **AUDIT SUB-COMMITTEE** held in the Council Chamber, Council Offices, School Aycliffe Lane, Newton Aycliffe, on **WEDNESDAY, 11<sup>th</sup> DECEMBER 2013** at **6.00 p.m.**

**PRESENT**                      **Councillor W. Iveson (Chairman)** and  
Councillors A.M. Chandran, G.C. Gray, B. Hall and Mrs. W.P. Hillary

**OFFICERS**                    Mr. D. Austin (Finance Manager)  
Mr. B. Wilkinson (Internal Auditor)  
Miss C. Ryder (Senior Admin. Officer)

9.        **APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors Mrs. B.A. Clare, M. Iveson and Mrs. S.J. Iveson.

10.      **MEMBERS' DISPENSATIONS**

There were no applications for dispensations submitted.

11.      **DECLARATIONS OF INTEREST**

There were no declarations of interest made.

12.      **MINUTES**

The Chairman asked if there was any information in respect of the Fuel Usage from the last minutes and it was reported that there were no further issues with the Fuel Usage.

The Finance Manager had tested the market for another fuel provider but had not been able to obtain another local garage to give a better service for the purchase of fuel.

It was proposed by Councillor A.M. Chandran, seconded by Councillor B. Hall and

**RESOLVED** – that the minutes of the meeting of the Audit Sub-Committee held on the 10<sup>th</sup> July 2013 be confirmed as a correct record.

13.      **INTERNAL AUDITOR'S REPORT**

The Internal Auditor submitted a report setting out details of the work he had completed for the period 1<sup>st</sup> July 2013 to the 31<sup>st</sup> October 2013.

Details of the current position of the Plan broken down by Committee and service area and detailing the actual days spent on each individual audit was attached as Appendix 1 to the report and stated that the actual days spent on each individual audit was on target.

**Internal Audit Reports**

The following audits had been completed since the last Audit Sub-Committee:-

- (a) VAT
- (b) Great Aycliffe Show
- (c) Senior Citizens Excursions
- (d) Fun in the Park
- (e) Ordering and Receipt of Goods - Works
- (f) Tendering and Procurement
- (g) Capital Accounting and Year End Procedures
- (h) Stock and Stores – Works

The following audits are undertaken throughout the year. Interim reports had been made to the Sub-Committee during the year and the final reports had now been submitted:

- (i) Sports Complex
- (j) Bar and Catering
- (k) Golf Complex
- (l) Oakleaf Golf Complex

(a) **VAT**

An internal audit had been carried out as part of the planned audit work on the area of VAT within the Council for 2013/14.

Payments made by direct debit had been examined and it was found that C.N.G were e-mailing invoices to this Authority, these invoices did not identify their name and no VAT registration number was on the invoice. Invoices had been paid, however, this needs to be addressed.

*The following recommendation was made:-*

- (i) *That if C.N.G. wishes to send e-mailed invoices they should comply with normal business invoice layout and contain all necessary information to enable them to be paid.*

*The internal controls governing the handling and reporting of VAT were considered strong and the recommendation above would only add to the control environment.*

(b) **Great Aycliffe Show**

A review of the systems relating to the income and expenditure of Great Aycliffe Show was undertaken to ensure that the key controls relating to those areas were operating. The Financial Management of the Show budget was reviewed to ensure that it was being monitored and controlled.

It had been noticed that some items which had been hired in for the Show had not been insured under the remit of our current insurer. Quotes should be obtained for this hire from other companies in future years.

*The following recommendations / matters arising were made:-*

- (i) *Adequate insurance must be arranged for next year's show.*
- (ii) *The market should be tested every 2/3 years to ensure value for money is being obtained. It should be checked that there are no inflationary prices being charged where quotations are not obtained.*
- (iii) *Where it is difficult to obtain quotations for certain equipment or services required for the Show – exemptions from Standing Orders should be obtained.*

(c) **Senior Citizens Excursions**

An audit was undertaken as part of the planned audit work for the 2013/14 excursions. This covered the following areas:-

- Financial Management and control of the budget.
- Expenditure on coaches and refreshments.
- Control and management of the applications for the trips.

The overall opinion was that the trips were well managed, with strong systems of internal control in relation to both expenditure and the allocation of places to Great Aycliffe residents aged over 60.

*The following matters arising to be taken into consideration for future trips:-*

- That Lee's Coaches be made aware of the need to complete both the attendance sheet and the lunch sheet and ensure that both of these sheets agreed in total. The lists need to be verified with those attended and the number of meals and comfort breaks paid for.*
- That paragraph 8 on the organisation of the trips be disregarded from this report as the policy to provide the trips has already been made and agreed by the Council.*

*The overall opinion was that the Senior Citizens Outings were well managed with strong systems of internal control on both expenditure and allocation of places.*

(d) **Fun in the Park**

An internal audit review was carried out of the Fun in the Parks which are managed by the Oakleaf Sports Complex.

The review took into account the expenditure, income and cash control. The financial management and control.

The overall opinion was that the events were well planned and documented.

*There were no further recommendations to be made.*

(e) **Ordering and Receipt of Goods - Works**

An audit of the Ordering and Receipt of Goods for the Works Department was undertaken as part of planned audit work for 2013/14.

Work carried out in the audit included the checking of invoices to orders raised together with the separation of duties between those ordering and receipting goods.

The system of internal control in relation to the ordering and receipt of goods is considered strong.

*There were no recommendations to be made.*

(f) **Tendering and procurement**

An audit had been undertaken of the processes and systems involved in the procurement of goods, services and works necessary to undertake the 2013/14 Capital Programme.

Financial thresholds in standing orders for contracts were being observed together with all expenditure and invoices relating to works are checked and authorised for payment.

A list of projects had been supplied and amounts not used would be carried over to the next year capital programme.

The overall opinion was that the systems for procurement and tendering were considered to be strong and complied with Standing Orders.

*There were no recommendations to be made.*

(g) **Capital Accounting and Year End Procedures**

A review of systems relating to the production of financial accounts for the year 2012/13 which included capital accounting had been undertaken as part of the planned work.

The overall opinion was that the Asset Register was well controlled and all items had been either added or removed from it during the Financial Year. There was a Capital Plan in existence which set out the aims and priorities of the Authority.

*There were no recommendations to be made.*

(h) **Stock and Stores – Works**

The audit carried was to compare that the stock held compared to the stock actually recorded.

The overall opinion was that the procedures in place are satisfactory and show good control.

*There were no recommendations to be made.*

**On-going Internal Audits**

The following internal Audits are ongoing during the year and this report was to update members on the progress of the work undertaken and whether there were any matters arising that need to be brought to the members attention.

(i) **Oakleaf Sports Complex**

This period items for vending, sports equipment, cleaning services and electrical were checked.

Internal checks were carried out on orders and stock. Cash taken had been compared to cash banked. All income was tested and recorded to the till rolls.

*The overall audit opinion is that there is sound financial management and the systems examined have strong internal controls.*

(j) **Bar and Catering – Oakleaf Sports Complex**

Bar and catering internal controls regarding the ordering of food and bar stock were considered to be strong. Checks had been carried out on the ordered and receipting of bar and catering equipment.

Stock figures for the financial year to the end of October 2013 were taken with percentages shown for the bar and catering from previous months.

*There were no recommendations to make.*

(k) **Oakleaf Golf Complex**

The audit took into account checks on the collection of income relating to Season Tickets and checking on all income banked. Instalment payments were checked and reminders had been sent out.

A new procedure had been drawn up to allow 100 new members from Woodham Golf Club to partake of a free round of golf.

Driving range income had been checked and monitored to tokens used in the machine.

*There were no recommendations to make.*

(l) **Salaries and Wages**

Audit work had been undertaken on wages and salaries from July to October 2013 which included the pay rises awarded.

Expense payments were checked along with new starters and leavers on the payroll. Annual leave entitlements were found to be correct.

*There were no recommendations to be made.*

**RESOLVED** – that it be recommended:

- (i) That the report be received.
- (ii) That the recommendations be noted.

14. **RISK ASSESSMENTS**

The Town Clerk had submitted his report on which members considered any items that had been entered into the Register of Risks on activities and proposals at relevant Committees.

The following risks had been entered into the Risk Register since the previous meetings:-

“Future Accounting and Audit Arrangements”  
Ordinary Council Meeting – 17<sup>th</sup> July, 2013.

“Replacement Computer Equipment”  
Policy and Resources Committee – 10<sup>th</sup> July 2013.

“Firework Display”  
Special Recreation Committee – 29<sup>th</sup> August 2013.

“CCTV Cameras – Depot / Complex”  
Policy and Resources Committee – 23<sup>rd</sup> October 2013.

The ‘Business Risk Register’ had been considered by the Performance Management Team and a copy of the Quarterly Risk Review for September 2013 was attached for the Committee’s information.

**RESOLVED** – that the report and information be noted.

**CHAIRMAN.**