

Minutes of the meeting of the **AUDIT SUB-COMMITTEE** held in the Council Chamber, Council Offices, School Aycliffe Lane, Newton Aycliffe, on **WEDNESDAY, 13<sup>th</sup> JUNE 2012** at **5.45 p.m.**

**PRESENT** Councillors Mrs. D. Bowman, Mrs. B.A. Clare, Mrs. M. Dalton, P. Ducker, B. Hall, W. Iveson and Mrs. V.M. Raw.

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

1. **APPOINTMENT OF CHAIRMAN**

It was proposed by Councillor Mrs. M. Dalton, seconded by Councillor Mrs. D. Bowman that Councillor W. Iveson be appointed Chairman of the Audit Sub-Committee for the Municipal Year 2012/13.

**RESOLVED** – that Councillor W. Iveson be appointed as Chairman for the Audit Sub-Committee for the Municipal Year 2012/13.

**Councillor W. Iveson took the Chair for the meeting.**

2. **APPOINTMENT OF VICE-CHAIRMAN**

It was proposed by Councillor Mrs. D. Bowman, seconded by Councillor Mrs. V. Raw that Councillor B. Hall be appointed as Vice-Chairman of the Audit Sub-Committee for the Municipal Year 2012/13.

**RESOLVED** – that Councillor B. Hall be appointed as Vice-Chairman of the Audit Sub-Committee for the Municipal Year 2012/13.

3. **APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors J.D. Clare and M. Iveson.

4. **DECLARATIONS OF INTEREST**

There were no declarations of interest made.

5. **MINUTES**

The Town Clerk reported on Minute No. 17 (b) Risk Management that it was not possible for formal internal risk training to be given to members, however, he would be organising an appropriate internal training course.

It was proposed by Councillor Mrs. M. Dalton, seconded by Councillor Mrs. V. Raw and

**RESOLVED** – that the minutes of the meeting of the Audit Sub-Committee held on 29<sup>th</sup> February 2012 be confirmed as a correct record.

## 6. 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> January 2012 to the 30<sup>th</sup> April 2012 which included the completion of the Internal Audit Plan for 2011/12.

The Audit Plan had been completed for the period to the end of the calendar year. Full details of the current position on the Plan had been broken down into Committee and service areas and set out the actual days spent on each individual audit were set out in an attached appendix.

### Internal Audit Reports

The following audits had been completed since the last Audit Sub-Committee and the report gave individual reports on the following sections:-

(a) **Debtors**

An audit review was carried out as part of the planned work for 2011/12 and covered the following areas. Testing had taken place on the Complex Room Hire , Cemeteries, Allotments and other miscellaneous items to ensure that all income due to the Council was collected.

*There were no recommendations to make.*

(b) **Creditors**

An audit review was undertaken as part of the planned audit work on the Creditors system.

The system was regarded as having adequate controls in place however.

*The following recommendations were made:-*

- 1. Two employees were budget holders and were authorising payments although they were not on the Authority's Authorised Signatory List – they have now been added.*
- 2. Cheques were securely located within the safe with controlled access however when cheques were removed from the safe to be used the Cheque/Remittance form is not being fully completed. The completion of this form provides an audit trail but an element of control is lost if all of the relevant columns are not completed. This has been agreed by management.*
- 3. 16% of the invoices tested were not date stamped when they were received. This ensures that invoices are paid within the time frame laid down by the Council. Management has agreed that all invoices will be date stamped when received.*
- 4. 10% of the Cash Book cheque requisitions tested were not authorised. It is probable that these were submitted electronically rather than as hard copy requests and management has agreed that when this happens the Cheque Requisition Authorisation will be signed by the Finance Manager and authorised by one of the other cheque signatories.*

5. *The Authority was being charged for 3 credit cards by a direct charge on the credit card statement when it only has 1. The other 2 were cancelled in 2009. The fees charged are minimal at £20 but the Senior Accountancy Assistant is arranging for them to be refunded by Barclaycard.*

*The overall audit opinion is that the control of Creditors is considered strong and the recommendations are merely ensuring that controls already in place are followed.*

(c) **Corporate Governance**

An audit review was carried out on Corporate Governance to ensure that the Council was doing the right things in the right way for the people in a timely, inclusive, open, honest and accountable manner.

*The overall Audit Opinion is that as a result of the key documents mentioned in the report being in place and operating throughout the Council the principles of Corporate Governance are in place.*

(d) **Budget Setting and Budgetary Control**

As part of the annual audit plan a review was undertaken of the processes and systems involved in the Budget Setting process and Budgetary Control within the Authority during the 2011/12 financial year. Most of the audit work was centred around the budget setting process for 2012/13.

*The overall audit opinion was that the budget setting process and budgetary control are both carefully managed.*

(e) **Budget Monitoring**

An audit was undertaken as part of the planned audit work for 2011/12 on the budget monitoring process within the Authority for three areas, Works, Sports Complex and Pre-Schools.

*The Overall Audit Opinion is that the budget monitoring process is being carefully and accurately managed.*

(f) **Ordering and Receipt of Goods**

An audit was undertaken as part of planned work for 2011/12 of the ordering and receipt of goods for Works, Sports Complex and Pre-Schools.

There was a query on the dates of orders being made after the receipt of invoices, although the Authority's Purchase Ordering and Payment for Goods Policy did not state that an order should be raised before an invoice is received unless this is done the full picture of amounts committed and consequently amounts available to be spent from a budget could not be accurately ascertained.

*The following recommendation was made:*

*That all orders should be raised before an invoice is received and that the Authority's Purchase Ordering and Payment for Goods Policy be amended to take this into account.*

(g) **Stock and Stock Checks**

An audit was undertaken to compare the stock actually held on site to the stock recorded as being held on stock cards at the 2 main stock holding areas Works and the Sports Complex.

It was not practical to operate a full stock system so as a result of stocks held for pesticides a new style book layout, similar to that adopted for fuel receipts be agreed.

*The following recommendation was made:-*

*The overall audit opinion is that the system of receiving and issuing stock used is adequate.*

*That the Works Section would introduce a new style of book for the issue of pesticides.*

(h) **Allotments**

An audit was undertaken on Allotments as part of the planned work for 2012/13.

*The overall opinion is that the allotments were being successfully managed.*

**On-going Internal Audits**

**Councillor Mrs. D. Bowman left the meeting at this point.**

The following Internal Audits are ongoing during the year and this report is to give Members the finished report for the whole financial year.

(a) **Oak Leaf Sports Complex**

Income, Cash Collection and Goods Ordered were checked and had sound financial management in place.

*The overall audit opinion on the Sports Complex was that it had strong internal controls.*

(b) **Bar and Catering**

This audit was carried out as part of the planned work for 2011/12 at the Sports Complex. The work has been ongoing throughout the year and any issues that had arisen had been discussed with management at the time.

*The overall audit opinion is that the internal controls in relation to the ordering of food and bar stocks are strong. Value for money is always considered when placing orders for catering stock. Advantage is always taken of special offers and these meals are always shown on the "specials" board. The Leisure Manager and Duty Manager made changes to bar stock to ensure that only those drinks that are regularly ordered are being stocked. This had resulted in McEwans Scotch, Amstel, Budweiser and Corona being removed from sale.*

(c) **Salaries and Wages**

Audit work had been undertaken on wages and salaries during the financial year.

*There were no recommendations to make.*

**RESOLVED** – that it be recommended:

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

7. **RISK ASSESSMENTS**

The Town Clerk had submitted his report on which members considered any items which had been entered in the Register of Risks on activities and proposals at relevant committees. There had been no risks added to the list since the last Audit Meetings.

There were no high risks to review since the last report on the 'Business Risk Register'.

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

**CHAIRMAN.**