

Minutes of the meeting of the **AUDIT SUB-COMMITTEE** held in the Council Chamber, Council Offices, School Aycliffe Lane, Newton Aycliffe, on **WEDNESDAY, 19th OCTOBER 2011** at **6.00 p.m.**

PRESENT **Councillor B. Hall (Chairman)** and
Councillors Mrs. D. Bowman, J.D. Clare, Mrs. M. Dalton, P.
Ducker 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)

8. **APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors M. Iveson and W. Iveson.

9. **DECLARATIONS OF INTEREST**

There were no declarations of interest made.

10. **MINUTES**

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

RESOLVED – that the minutes of the meeting of the Audit Sub-Committee held on 6th July 2011 be confirmed as a correct record.

11. **INTERNAL AUDITOR'S REPORT**

The Internal Auditor submitted a report setting out details of the work he had completed for the period 1st July to 30th September 2011.

The Audit Plan had achieved 40 days out of 90 for the half year and is on target as the main holiday period was over. Full details of the current position of the plan was set out on an attached appendix.

Internal Audit Reports

The following audits had been completed since the last Audit Sub-Committee and the report gave full details of each section:

(a) **Environment Centre**

A review of the systems relating to the inventory, petty cash, ordering and payment of goods and services together with the financial and budgetary control of the Environment Centre was carried out as part of the planned internal audit work for 2011/12.

No recommendations to make.

(b) **Power of Well Being**

The audit had been undertaken as part of the annual internal audit plan. The review was to verify how the Council complies with the eligibility criteria of the Power of Well Being.

No recommendations to make.

(c) **Golf Complex Contract and Cash Collection**

An audit of the Golf Complex had been carried out and covered the following areas:

The Golf Professional's Contract
Cash Control
Ordering / expenditure
Obtaining, recording & using fuel for machines on site.

The systems of internal control were reviewed for all the above areas of the audit and the key controls were identified and evaluated.

Recommendations to be made:

- (i) *The all items mentioned in the contract as specified should be provided by the professional. (i.e. Complaints and Suggestions book, Staff Identification badges, PAT test information and keys labelled and kept secure).*
- (ii) *Some items in the contract need to be examined so that they can be revised, specifically security and telephones, when the contract is due for renewal. (i.e. the personal PDQ machine of the Golf Professional should be specifically included in the contract when it is redrawn).*
- (iii) *A new system needs to be instigated to ensure that complimentary Golf Round vouchers are recorded and, where necessary, credited to income to ensure that the professional is paid the correct amount of commission.*
- (iv) *Commission overpayments made to the professional should be recovered.*
- (v) *Greater care needs to be taken by the Golf Centre staff when recording the tokens and emptying the machines of the cash for these tokens. The number of errors is significant although the potential cash shortage, as the errors are both over and under, is only £48.*
- (vi) *The new Fuel Recording system, recently instigated into the Council's depot should be introduced at the Golf Centre as the card accurately records receipts, issues and balances of petrol held in stock.*

(d) **Stephenson Way Cemetery**

The Audit had been carried out on Stephenson Way Cemetery to evaluate the systems for collecting income relating to burial fees, exclusive rights and memorials. The audit examined burials and purchase of exclusive rights and memorials for the period 1 July 2010 to 30 June 2011.

Recommendation to be made:

'The computerised records, currently in place, should be updated on a more regular basis by a representative of the Works section after adequate training has been given to bring it in line with West Cemetery.'

(e) **Treasury Management**

An audit was undertaken on how Great Aycliffe Town Council manages its loans, investments and cash flows.

The audit had been carried out with reference to both the key control schedules provided by the Audit Commission and the Treasury Management Code of Practice. The following areas had been reviewed:

Investments
Loans
Cash Flow

There were no recommendations to make.

(f) **Pre Schools**

An audit was undertaken of the Grant claims and cash handling within the Learning Centres as part of the planned work within the audit plan for 2011-12. The two Learning Centres, St Oswald's and Woodham Burn were covered by this audit review and the Autumn term 2010/11 and Spring and Summer terms of 2011/12 were included in the audit testing.

The audit encompassed the receipt of nursery grants for three and four year old children, and the receipt of fees for those children who are not on nursery grants.

To ensure that milk funding due is received and milk claims are compiled accurately and consistently.

To ensure that petty cash is controlled at each location and expenditure reimbursements claimed have supporting receipts.

To ensure that the donations funds are properly controlled and disbursements are only undertaken when accompanied by appropriate receipts and all monies are correctly recorded.

The calculation of extra hours payments for those parents who used the centres were also checked.

Recommendations to be made:

- (i) *A receipt should be given to the EYO when she brings the cash into Finance and this receipt should be used to balance the attendance sheets. The use of form LC5 should be discontinued.*

- (ii) *When trips are operated by the pre-schools they should arrange for the successful supplier to provide an invoice to the Authority which enables the Authority to reclaim any VAT paid. This will result in lower charges to the parents and will enable the donations fund to go further.*

(g) **Great Aycliffe Show**

The audit reviewed the systems relating to the income and expenditure of the Great Aycliffe Show to ensure that the key controls relating to these areas were operating.

The Show for 2011 had a budget of £40,000 for direct costs and £7,500 for income. It is a well-controlled operation which is planned nearly a year in advance. There is a Show Working Group which meets regularly during the year to report on the progress of the arrangements for the show.

The following areas had been reviewed:

- (i) All of the income collected was secure, banked in total and adequate records maintained.
- (ii) All expenditure for the show was accounted for and services were utilising the Authority's Finance. All expenditure decisions apart from the acts performing in the Playhouse are approved by the Show Working Group.
- (iii) Financial management of the Show budget was reviewed to ensure that it was being monitored and controlled.

There were no recommendations made on this audit.

However, the following advisory points were raised:

- (i) *It would be preferable for the Authority to undertake the administration of the Rabbit competition themselves by using a computer database.*
- (ii) *Competitive prices should be obtained for all services as there were several areas where they were not obtained - stage hire, pen hire for rabbits and pigeons and testing of electrical equipment.*
- (iii) *Minimum invoice charges need to be clarified before the next show. The supplier of barrier fencing provided the cheapest prices but when the barriers were returned the return carriage charges made were put on 2 invoices rather than 1. As a result the second invoice invoked the firm's minimum invoice value of £10.00 to an invoice of £4.40 when that could have been included on the first invoice as all barriers were collected at the same time on the same day albeit on two vehicles.*

On-going Internal Audits

The following audits have commenced and are ongoing during the year. The report gave an update on the progress of the work undertaken.

- (a) **Oakleaf Sports Complex**
- (b) **Bar and Catering – Oakleaf Sports Complex**
- (c) **Oakleaf Golf Complex**
- (d) **Salaries and Wages**

RESOLVED – that it be recommended:

- (i) That the report be received and the recommendations noted.
- (ii) That the ‘advisory item’ under Great Aycliffe Show G(ii) with regard to competitive prices for Show services. It be noted that the Officer and Show Working Group should seek, if possible, quotations for the services indicated and where this is not possible the Show Working Group should confirm this in their meeting notes.

12. **RISK ASSESSMENTS**

The Town Clerk submitted his report which set out details of risk assessments which had been entered into the Register of Risks on activities and proposals from Council Committees.

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

- (a) Replacement I.T. Equipment
Policy and Resources Committee – 13th July 2011
- (b) Changes in the Accounts and Audit Regulations
Policy and Resources Committee – 14th September 2011

The report also set out details of the Quarterly Risk Review to October 2011 for members information.

RESOLVED – that the report and information be noted.

CHAIRMAN.