

Minutes of the meeting of the **AUDIT SUB-COMMITTEE** held in the Council Chamber, Council Offices, School Aycliffe Lane, Newton Aycliffe, on **WEDNESDAY, 26<sup>th</sup> JANUARY 2011 at 6.00 p.m.**

<b>PRESENT</b>	<b>Councillor W. Iveson (Chairman)</b> and Councillors Mrs. D. Bowman, P. Ducker and B. Hall
<b>OFFICERS</b>	Mr. A. Bailey (Town Clerk) Mr. D. Austin (Finance Manager) Mrs. K. Bertram (Internal Auditor) Miss C. Ryder (Senior Admin. Officer)

**15. APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors R.S. Fleming and M. Iveson.

**16. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**17. MINUTES**

The Chairman asked if any progress had been made with the introduction of a new stocktaker as reported in Minute No. 12 (ii) (b) - Officers reported that a new stocktaker had now been appointed.

The Chairman also asked for an update on the 'Lone Working Policy' – Officers reported that a policy has been produced and would be a matter for further discussion at Policy and Resources.

It was proposed by Councillor B. Hall, seconded by Councillor Mrs. D. Bowman and

**RESOLVED** – that the minutes of the meeting of the Audit Sub-Committee held on 13<sup>th</sup> October 2010 be confirmed as a correct record.

**18. INTERNAL AUDITOR'S REPORT**

The Internal Auditor submitted a report setting out details of the current position with regard to the completion of the Internal Audit Plan for 2010/11 and specifically on work completed for the period 30<sup>th</sup> September 2010 to the 17<sup>th</sup> January 2011.

The 2009/10 Internal Audit Plan has achieved 72 days out of 90 for the period to the 17<sup>th</sup> January 2011. Full details were set out in Appendix 'A'.

All of the main audits had been completed with only on-going audits relating to the Sports Complex, bar and catering, golf complex, salaries and wages and creditors payments requiring further testing over the remainder of the year.

(i) Internal Audit Reports

The following audit examinations had been completed since the last meeting and each audit report was set out individually for members attention:-

(a) Treasury Management

There were no issues arising from this Audit.

(b) Debtors

There were no issues requiring recommendations as the internal control was considered strong.

(c) VAT

There were no issues to report.

(d) Risk Management

There were no issues requiring a recommendation as all points were of low risk and not issues of internal control.

(e) Budget Setting and Budgetary Control Processes

The report set out the budget setting process and that all budget amendments were approved by the Policy and Resources Committee.

Budget control was satisfactory with all managers involved in the process.

(f) Tendering and Procurement

An item on the Asset Management Plan had been overlooked and had been highlighted during an Internal Audit in connection with IT hardware and software payments. This has since been rectified with approval sought from the Policy and Resources Committee.

There was nothing else to report with monitoring of expenditure being well controlled.

(g) Asset Management

There were no issues to report.

(h) Special Events

An internal audit review had taken place on special events managed by the Oak Leaf Sports Complex i.e. Fun in the Parks, Firework Display and Santa Tours.

The Firework Display had been cancelled which had resulted in a credit note of £3,000 being given towards next years' costs. As the firework costs were £5,000 and Standing Orders required that 3 quotations were obtained, unless an exemption had been applied for, it was necessary for officers to apply for an exemption in respect of Firework supplies in line with Section 5.5 of Standing Orders.

There were no further issues from this audit.

(ii) Ongoing Internal Audits

The following Internal Audits are ongoing during the year and the report updated members on the progress of the work undertaken.

(a) Oakleaf Sports Complex

There were no issues to report.

(b) Bar and Catering

Stock checks were on-going with no major discrepancies revealed.

A new stock taker had been engaged and would commence work by the end of the current financial year.

(c) Golf Complex

There were no issues to report.

(d) Salaries and Wages

There were no issues to report.

(e) Creditors

The system of internal controls relating to creditor payments were considered to be strong.

**RESOLVED** – that it be recommended:

(i) That the report be received.

(ii) That approval be sought from the Policy and Resources Committee on the payment of IT hardware and software.

(iii) That an exemption be applied for in respect of the Firework Display costs as set out in standing order 5.5.

19. DRAFT INTERNAL AUDIT PLAN – 2011 / 2012 TO 2013 / 2014

The Internal Auditor submitted a report setting out the proposed Internal Audit Plan covering the period from 2011/12 to 2013/14 for members consideration and approval.

The Internal Audit Plan for 2011/12 as well as indicative plans for 2012/13 and 2013/14 had been developed with adjustments made to reflect the actual audit days spent, assessment of the level of risk and providing for any new services or developments.

There were no new areas to include in the Internal Audit Plan and only minor amendments had been made to the number of days allocated to each audit area.

**RESOLVED** – that the information be received and the Internal Audit Plan for 2011/12 to 2013/14 be approved.

## **20. RISK ASSESSMENTS**

The Town Clerk had submitted the 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 to list since the last Audit Meetings.

An item on the 'Business Risk Register' was now included in the report. This was a high risk quarterly review following discussions at the Performance Management Group. The Council currently has no high risks to report.

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

## **21. ANY OTHER BUSINESS**

- (i) The Finance Manager informed the meeting that a part time Internal Auditor had been appointed to replace Mrs. Kirsten Bertram. The new Auditor will be Mr. Barry Wilkinson.
- (ii) The Chairman wished to thank Mrs. Kirsten Bertram for all the work she had carried out during her employment as Internal Auditor and also in bringing the Audit Plan up to date for the newly appointed Internal Auditor. The members and staff wished her every success for her future.
- (iii) The Finance Manager informed the meeting of a consultation paper received from the Department for Communities and Local Government earlier in the day regarding proposed changes to the accounts and audit regulations which govern the Council's financial management, accounts and audit procedures.

The proposed changes would result in the Council being re-classified as a "smaller relevant body" and therefore fall under the Audit Commission's limited assurance regime. This would result in a less onerous and time intensive external audit, significant savings in audit costs and changes to the requirements around the Council's accounts and financial management arrangements.

**CHAIRMAN.**