

AUDIT SUB-COMMITTEE

Meeting - 11 December 2006

Present: Mr Hollis (Vice-Chairman in the Chair)
Mr Mountford

Apologies: Mr Oxley, Mr Royston and Dr Scott.

In attendance: Stephen Vinall, Audit Manager, Bentley Jennison (Internal Audit),
Hassan Rohimun, Audit Commission (External Audit)

19. MINUTES

The minutes of the meeting of the Audit Sub-Committee held on 21 September 2006 were confirmed and signed.

With reference to minute 15 {The External Auditors Report on the Audit of the 2005/06 Final Accounts} the reminder letter sent to Members who had not returned related party disclosures had resulted in a number of outstanding forms being returned. One remained outstanding which had been promised shortly.

20. INTERNAL AUDITORS PROGRESS REPORT

The Sub-Committee received the Internal Audit Progress Report from Bentley Jennison. The report was in a standard format and outlined the audits where final reports had been issued, the work in progress and any changes to the Internal Audit Plan. Appendices to the report gave details of a summary of performance, opinions and recommendations for final reports issued, the operational plan performance 2006/07 and executive summaries and action plans.

In respect of completed audits, the Sub-Committee noted that the assurance level given was categorised as substantial, adequate, or limited. Further, where recommendations were put forward these were classified as either fundamental, significant or merits attention.

In the final report regarding the completed audit on Car Parks, the Sub-Committee noted that only limited assurance level had been given. However, of the six significant recommendations made, all had been accepted by management and action had already been taken or was in hand to address the issues concerned.

The Partnerships Audit had given substantial assurance level with only one recommendation meriting attention.

The Procurement Audit had resulted in a limited assurance level given with four recommendations made. Three recommendations were made in the fundamental category mainly relating to use and operation of the purchase order process and guidance relating to it. While these recommendations had generally been accepted by management, the advice regarding under-use of the ordering system had been queried, owing to the small number of invoices involved. The Sub-Committee concurred with the Audit Report recommendation and requested the Head of Finance give further consideration to how greater use of the purchase order system could be established and any exceptions to it be minimised.

The Risk Management Audit had also resulted in a substantial assurance level given.

Turning to the future Audit Programme, the Sub-Committee recognised the procurement exercise in respect of the new Refuse and Recycling Contract was of major importance to the Council. It was proposed that consideration be given to requesting Internal Audit to review the tender evaluation and contract award mechanism to give assurance on this.

RESOLVED that, subject to the foregoing comments, the Internal Audit Progress Report be noted.

21. **RISK MANAGEMENT UPDATE**

The Sub-Committee considered a report of the Director of Resources with an update on a range of issues covered by the overall heading of Risk Management. Risk Management was a key area of corporate governance and had been identified in the last statement of assurance as one of the three key issues of internal control the authority needed to work on.

The report covered the activities of the Risk Management Group which had continued to meet quarterly making appropriate recommendations for action; the insurance incidents that had occurred during the year which were set out in the schedule showing whether they were covered by the insurance fund or the Council's insurers; and activities under the heading of Health and Safety.

It was an important part of the Council's approach to risk management that risks were kept under review. The latest strategic Risks Register (attached for the information of the Sub-Committee) showed those risks identified as potentially having a major impact of the Council achieving the key areas of its Corporate Plan. Arising from this, the Sub-Committee noted the on-going work to develop business continuity plans.

RESOLVED that the work being undertaken on Risk Management and Health and Safety be noted.

22. **YOUR BUSINESS AT RISK UPDATE**

The Sub-Committee received a report of the Director of Resources on the progress in addressing the key points emerging from the survey undertaken by the Council's External Auditor looking at the ICT Security Awareness across the organisation.

The report detailed work in progress on each of the key items:-

- Inform staff of virus protection measures
- Reinforce the importance of password controls
- Remind staff of the importance of the anti-fraud and corruption strategy
- Ensure staff are aware of the impact of legislation and local policies
- Develop an information security policy

Arising from the last point, the Sub-Committee reiterated concern about the risk of loss of key staff e.g. the Head of ICT and the impact this would have on the authority.

RESOLVED that the report be noted.

23. **NEXT MEETING**

The Sub-Committee noted that the next meeting was due to take place on 2 April 2007. With regard to the start time for the meeting the Sub-Committee agreed this should be at 5.30 p.m. The Sub-Committee appointed by the new Council would no doubt reconsider start times for meetings.

24. **TERMINATION OF MEETING**

The meeting, having commenced at 5 p.m., terminated at 6.15 p.m.