

DECISIONS OF THE AUDIT COMMITTEE

15 February 2006

COMMITTEE:

*Councillor Wayne Casey (Chairman)
Councillor Brian Coleman (Vice-Chairman)

Councillors:

* Claire Farrier	* Daniel Hope
* Mark Langton	* Agnes Slocombe
* Leslie Sussman	

*denotes Member present

1. **MINUTES:**
RESOLVED – That the decisions of the meeting held on 21 December 2005 be approved as a correct record.
2. **ABSENCE OF MEMBERS:**
No apologies for absence were received.
3. **PUBLIC QUESTION TIME:**
There were no public questions.
4. **DECLARATIONS OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS:**
No interests were declared.
5. **MEMBERS' ITEMS:**
None were received.
6. **VARIATION OF ORDER OF BUSINESS**
Upon a motion by the Chairman, duly seconded, the Committee
RESOLVED: To vary the order of business to consider agenda item 8 at this stage.
7. **TERMS OF REFERENCE & REVIEW OF EFFECTIVENESS OF THE AUDIT COMMITTEE (Report of the Chief Finance Officer – Agenda Item 8)**
RESOLVED: That the Audit Committee
 1. Recommend to the Special (Constitution Review) Committee
 - (i) That the model statement of purpose and Terms of Reference for the Audit Committee as set out in recent CIPFA guidance and in Appendix B to the Chief Finance Officer's report be adopted and included within the Council's Constitution;

- (ii) That the Chairman of the Audit Committee should not be a member of the Executive and should preferably be a member of an opposition party. Additionally, the Chairman of the Audit Committee should not be permitted to serve in that role for more than 4 consecutive years;
 - (iii) The Audit Committee should comprise between 5 and 7 members, subject to achieving the required political balance;
 - (iv) That it be noted that the annual review of the effectiveness of the Audit Committee (and its predecessor) is already in accordance with best practice, but the requirement to conduct this review annually now be included in the Terms of Reference, and that this be scheduled within the Committee's work programme in time to make any recommendations each year to the Constitution Review Committee.
2. Agree to put in place a programme of training for its members, to be established over a 12 month period commencing as soon as possible after the May 2006 elections;
 3. Agree a work plan in line with the revised terms of reference for the next municipal year at its first meeting after new terms of reference are approved;
 4. Instruct the Chief Finance Officer to advise the Special (Constitution Review) Committee of the Audit Committee's recommendations (i) to (iv) above, and to take the required action to implement 2 and 3, above.

The Committee discussed in detail issues around the required number and frequency of meetings; the co-option of external members; the desirability of requiring particular skills or expertise of full (non-co-opted) Members; and future reviews of the Committee's effectiveness and Terms of Reference.

Although not wishing to make any recommendations to the Special (Constitution Review) Committee on these matters at this stage, the Committee

FURTHER RESOLVED:

5. On the matter of number and frequency of meetings, to defer consideration of the issue at this stage and to instruct the Chief Finance Officer to map-out the Committee's likely work programme for the forthcoming year, based on key stages in the financial accounting year, and report back to the next meeting of the Committee for further consideration and decision;
6. On the matter of co-option of external members, to defer consideration of the issue at this stage; to instruct the Chief Finance Officer to investigate practices on co-option in other Authorities which have Audit Committees and report as part of the next review of the Audit Committee's terms of reference and
7. To instruct that the Chief Finance Officer's report to this meeting of the Committee be brought back to the next annual review of the Committee's effectiveness and Terms of Reference as an appendix to the relevant report at that stage in order that the Committee might consider the extent to which progress has been made.

8. INTERIM ANNUAL REPORT OF CORPORATE ANTI-FRAUD TEAM (CAFT) 2005-06 (April – September 2005) (Report of the Head of CAFT and of the Borough Solicitor - Agenda Item 6)

The Committee had under consideration the Interim Annual Report of the activities of the Corporate Anti-Fraud Team covering the period April to September 2005. The Committee praised the valuable work of the team in combating fraud across the Borough and the many successful outcomes which the team had achieved in this regard. The Committee

RESOLVED:

1. To note the report; and
2. To congratulate the Head of CAFT and the CAFT team on their successful work during the period of the report.

9. INTERNAL AUDIT 2004-05 ANNUAL REPORT UPDATE (Report of the Chief Internal Auditor – Agenda Item 7)

The Committee had under consideration a report of the Chief Internal Auditor providing updated information on audit findings reported in the 2004-05 Annual Internal Audit Report which had still not received sufficient management response so as to reduce risk areas to “low” at follow-up audits.

The Committee was concerned that a number of risk areas remained “medium” or “high” and that managers had still to address these risk areas sufficiently.

The Committee, mindful of its 31 August 2005 decision, which could require relevant Heads of Service and Cabinet Members to attend the Committee to explain and discuss non-compliance with Audit findings,

RESOLVED:

1. To note the report; and
2. To instruct that the Chief Internal Auditor, in future, to provide progress reports to the Committee on any areas where, in his professional opinion, no significant progress has been made by management in addressing audit findings, and that, in such circumstances, the Chief Internal Auditor be required to bring forward recommendations to the Committee (which it might accept or reject) on possible courses of action to achieve the required progress, which could include in exceptional circumstances calling the relevant Head of Service and/or Cabinet Member to attend and explain the situation to the Committee.

The meeting closed at 8.50 pm