

REPORT OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Meeting held on 22nd September, 2006

Membership:

Councillors: A.C.R. Chappell,(Chairman) Mrs. P.A. Andrews, H. Bramer, T.M. James, J.G. Jarvis, R.I. Matthews, Mrs. S.J. Robertson.

TERMS OF REFERENCE

1. This is the first report of the Committee meeting under its new name and with revised membership. The Committee has noted its extended terms of reference in line with the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which had been approved by Council at its meeting on 28th July, 2006.

AUDIT COMMISSION ANNUAL GOVERNANCE REPORT

2. The Audit Commission is required by its statutory Code of Audit Practice for Local Government Bodies to issue a report to the Council summarising the conclusions from our audit work. The Committee has received the Audit Commission's Annual Governance Report, in line with good practice. The Committee has noted that the Audit Commission anticipates being able to issue an unqualified opinion on the Council's Statement of Accounts and on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources. The Committee has approved an action plan in response to the Audit Commission's recommendations.

(Note: The unqualified opinions were issued by the Audit Commission by the statutory deadline of 30th September, 2006.)

CODE OF CORPORATE GOVERNANCE

3. The Committee has considered a draft Code of Corporate Governance for the Council. It has noted that the Code was closely linked to the Council's Statement of Internal Control and brings together, in one document the Council's overall strategy on governance.
4. The Committee has agreed that the Director of Resources be the officer responsible for financial probity, performance and risk, together with internal audit, and review independently the efficiency and effectiveness of the Code in that regard. It has also agreed that the Monitoring Officer (currently the Head of Legal and Democratic Services) be the responsible officer for legal probity and the ethical framework review and the efficiency and effectiveness of the Code in that regard. It has agreed that these reviews be carried out annually, and that a report be submitted to this Committee and the Standards Committee respectively, with any issues arising being reported to Cabinet. Subject to any comment of this Committee and the Standards Committee the Code of Corporate Governance will be approved by Cabinet and Council.
5. The Director of Resources will prepare a Foreword to the Code of Corporate Governance explaining the link between this Committee's role and the framework of the Code of Corporate Governance, emphasising the role of the public.

AUDIT CHARTER

6. The Committee has approved an updated Audit Charter in accordance with the CIPFA Code of Practice. The Charter establishes the authority and responsibility conferred by the Council on the Audit Services Team in respect of carrying out internal audit functions.

RISK MANAGEMENT POLICY

7. The Committee has endorsed a revised Risk Management Policy which has been submitted to Cabinet for consideration and approval. The revised policy further develops the Council's approach to this important issue and ensures compliance with good practice.

THE COUNCIL'S STATEMENT ON INTERNAL CONTROL

8. The Committee has received a report on the outcome of the Audit Commission's review of the Council's 2005/06 Statement of Internal Control. It was pleased to note the comment '*There has been a marked improvement within the SIC for this year (2005-06). An Audit Committee came into being on 30th September and has met regularly since with attendance from the Audit Manager of the client (TT).*'
9. The Committee has endorsed a number of actions based on the Audit Commission's recommendations identifying a small number of areas for improvement.

USE OF RESOURCES IMPROVEMENT PLAN

10. The Use of Resources assessment focuses on financial management with links to the strategic management of the Council. It looks at how the financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money. The Council has scored 3 out of 4 for its use of resources (2005) which means that it is performing well but there are areas for improvement. The Committee has received a report which shows that good progress is being made with regard to financial matters, value for money and timescales being worked to.

A.C.R. CHAPPELL
CHAIRMAN
AUDIT AND CORPORATE GOVERNANCE COMMITTEE

BACKGROUND PAPERS

- Agenda papers of the meeting of the Audit Committee held on 22nd September, 2006.