

MINUTES OF: THE AUDIT SCRUTINY COMMITTEE

Date of Meeting: 6 September 2007

**PRESENT: Councillor Smith (Chair)
Councillors A Barnes, L Barnes (substituting for S Pawson),
Forshaw (substituting for Aldred), Hancock, Swain, Thorne**

**IN ATTENDANCE: Phil Seddon, Head of Financial Services
Pat Couch, Scrutiny Support Officer**

**ALSO PRESENT: Councillor Sandiford and Andrew Neville (Chair of the
Standards Committee)
1 Member of the public**

1. WELCOME

The Chair welcomed everyone to the meeting indicating that unfortunately the Internal Auditor was stuck in traffic following an accident on the M65 and would therefore not be able to attend the meeting. It was agreed to continue with the meeting to discuss the progress report, which the Head of Financial services agreed to present.

2. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Aldred, Neal and S Pawson, Councillor Essex, Portfolio Holder for a Well Managed Council and Bernadette O'Connor (co-opted Member).

3. MINUTES OF THE AUDIT SCRUTINY COMMITTEE MEETING HELD ON 14 JUNE 2007

Resolved:

That the Minutes of the meeting of the Audit Scrutiny Committee held on 14 June 2007 be signed by the Chair as a correct record.

4. DECLARATION OF INTERESTS

No declaration of interests were made.

5. URGENT ITEMS OF BUSINESS

The Chair reported that there were no urgent items of business.

6. PUBLIC QUESTION TIME

No questions were raised under this item.

7. INTERNAL AUDIT PROGRESS REPORT

The Head of Financial Services presented the internal audit report for the period 1st April 2007 to 31 July 2007.

The report highlighted that 77 days had been spent in the last four months since the start of the financial year to deliver the audit plan. This equated to 27% of the total audit activity of 290 days planned for the year. It was noted that part of the time related to the finalisation of 2006/07 audits.

The Head of Financial Services indicated that the report highlighted some concerns in relation to Treasury Management, although he explained that this had now been rectified and explained the new procedures now in place to Members.

There was discussion on the National Fraud Initiative (NFI) which was the Audit Commission's data matching exercise designed to help participating bodies (local government, central government, NHS etc) to identify possible cases of fraud.

The Head of Financial Services informed members that the Council intended to inform the Community through the Rossendale Alive Newsletter that Council Tax details were being used and explaining the benefits of the National Fraud Initiative.

A question was raised in relation to the Council's use of two separate banks and the Head of Financial Services explained the reasons for this.

A question was also raised regarding payment to both the internal and external auditors for their work, now that the Council had been rated 'good'. The Head of Financial Services indicated that the internal audit costs were steadily reducing, although the quality of audit had increased. With regard to external audit, they were appointed by Central Government and were used by a majority of the public sector and costs were currently being negotiated.

All areas covered by internal audit were presented as a table with a brief summary of key issues and comments. A question was raised as to why there were no comments on IT controls and the Head of Financial Service commented that the internal auditors had not yet agreed where the areas of focus would be.

Resolved

1. That the Internal Audit Progress Report for April to July 2007 be noted.