

**CANNOCK CHASE COUNCIL**  
**MINUTES OF THE MEETING OF THE**  
**AUDIT AND GOVERNANCE COMMITTEE**  
**MONDAY, 20 NOVEMBER, 2006 AT 3.00 P.M.**  
**IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK**  
**PART 1**

PRESENT: Councillors

Faulkner, B. (Chairman)

Davis, Mrs. M.A.

Jones, Mrs. A.E.

(An apology for absence was received from Councillor G.N. Molineux).

**15. Minutes**

RESOLVED:

That the Minutes of the meeting held on 20 September, 2006 be approved.

**16. Internal Audit – Quarter 2 Report for 2006-07**

Consideration was given to the Report of the Chief Internal Auditor (Enclosure 4.1 – 4.2 of the Official Minutes of the Council).

RESOLVED:

That the contents of the Internal Audit Report for Quarter 2 of 2006-07 be noted.

**17. Internal Audit Terms of Reference**

Consideration was given to the Report of the Deputy Chief Executive (Enclosure 5.1 – 5.3 of the Official Minutes of the Council).

The Head of Efficiency and Risk Management explained that the Terms of Reference for Internal Audit had been produced in accordance with the Cipfa Code of Practice for Internal Audit in Local Government. The Terms of Reference primarily outline Internal Audit's:

Objectives  
Scope and authority  
Responsibilities;  
Rights of access; and  
Independence.

Members asked for clarification as to who was responsible for ensuring that adequate controls were in place in the Council's systems. The Head of Efficiency & Risk Management explained that all Managers were responsible for ensuring that adequate controls were in place in their sections and systems and Internal Audit provided a reasonable assurance that the processes were working adequately. The Committee's responsibilities were outlined in the Terms of Reference of the Audit and Governance Committee.

RESOLVED:

That the Internal Audit Terms of Reference be noted.

**18. Statement on Internal Control 2005-06 – Progress Report**

Consideration was given to the Report of the Deputy Chief Executive (Enclosure 6.1 – 6.3 of the Official Minutes of the Council)

The Head of Efficiency and Risk Management advised that with regard to the significant internal control issues outlined in Annex 1 of the report, it was anticipated at least half of those which were currently being progressed would have been addressed by the end of the financial year.

With regard to the internal control issue relating to partnerships it was explained that this related to a lack of a formalised framework for partnership working but it was acknowledged that the Council was successful in partnership working and had been recognised through its Beacon Council awards. Members were also advised that an audit had been undertaken relating to partnerships and a follow up was due later this year.

Members noted that there was a high turnover of staff. However, it was explained that this generally related to specialist jobs such as Planning Officers and that this tended to be a nationwide issue.

RESOLVED:

That the contents of the progress report on the Statement on Internal Control for 2005-06 be noted.

**19. Annual Audit and Inspection Letter 2004-05**

Consideration was given to the Annual Audit and Inspection Letter 2004-05 from the Council's External Auditors – KPMG.

The Deputy Chief Executive advised that the reason for the delay in bringing the 2004-05 Annual Audit and Inspection Letter to Members was due to the new system the Audit Commission had developed. In addition, the Council had appealed against one of the decisions relating to "Use of Resources" and although the appeal was not successful, this had led to further delay.

He then explained the contents of the letter to Members and outlined any significant issues. He advised that the Council had been assessed as "fair" in the CPA assessment carried out in 2004. He stated that the Council was working on improving its Performance Indicators and would then be able to apply to the Audit Commission to request a re-assessment.

A summary of the recommendations and action plan was given at Appendix 4.

RESOLVED:

That the Annual Audit and Inspection Letter 2004-05 be noted.

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CHAIRMAN