

AUDIT COMMITTEE
27th March, 2009

PRESENT – Councillor Baldwin (in the Chair); Councillor Johnson (2)

APOLOGIES – Councillor A. Scott and Mr. J. Morton (2)

ABSENT -

OFFICERS - David Hall, Assistant Director, Accounting Services and Local Taxation and Brian James, Head of Corporate Assurance, within the Corporate Services Department.

ALSO IN ATTENDANCE – Paul Harrison from PricewaterhouseCoopers and Ian Jones, Chief Internal Auditor, Stockton Borough Council.

A32. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A33. MINUTES – RESOLVED – That the Minutes of the meeting of this Committee held on 19th December, 2008, having been circulated, be taken as read and approved as a correct record.

A34. XENTRALL AUDIT PLAN 2008/09 – The Director of Corporate Services submitted a report (previously circulated) together with a report (also previously circulated) issued by the Chief Internal Auditor of Stockton Borough Council outlining the progress made against the 2008/09 Xentrall Audit Plan and seeking Members’ comments on the proposed plan for 2009/10.

The submitted report gave details of the Audits reported previously and the audits undertaken during the last three months, together with the current situation in relation to the on-going audit review work. Particular reference was made to the bank reconciliation work which has resulted in substantial assurance and it was reported that the bank reconciliation process was now up-to-date and further improvements should be seen in that area from July 2009.

Discussion ensued on the date for completion of all the on-going audits and the average cost per audit day of Stockton Borough Council’s Audit Services.

RESOLVED – (a) That the progress report and the proposed Audit Plan for 2009/10 be noted.

(b) That a further report be submitted to this Audit Committee to verify the improvements in the Bank Reconciliation work.

A35. CPA USE OF RESOURCES – ASSESSMENT RESULTS 2008 – The Director of Corporate Services submitted a report (previously circulated) together with the external auditors’ report on the CPA Use of Resources assessment for 2008.

It was reported that the outcome from the assessment was extremely positive and overall, the Council scored the maximum possible, achieving a level 4 – performing strongly – well above minimum requirements.

The submitted report outlined the Council’s summary of results under the Use of Resources criteria since 2006, detailed the results of the 2008 assessment, and made reference

to the new Comprehensive Area Assessment and the specific areas of challenge the Council would face against the revised assessment requirements in relation to the Use of Resources.

Particular reference was made to the role of the Resources Scrutiny Committee in monitoring monthly cost and performance information; the Partnership Working Toolkit; and Members' training, specifically in relation to risk management awareness.

RESOLVED – That the report and scores be noted.

A36. ANNUAL AUDIT AND INSPECTION LETTER – The Director of Corporate Services submitted a report (previously circulated), together with a copy of the Annual Audit and Inspection Letter.

It was reported that overall the Letter was extremely positive with the Audit Commission's overall judgement being that the Council was improving strongly and had been classified at the maximum four star in its current level of performance under the Comprehensive Performance Assessment.

A number of key messages for the Council were included in the Letter together with the actions needed by the Council to build on its existing partnerships; to maintain its strong community leadership role, to prepare for significant changes in local authority accounting guidance in the next few years, particularly in relation to the international financial reporting requirements and to prepare for fundamental revisions to the use of resources assessment in 2009.

Particular reference was made to the need for Members to receive training at an early stage in relation to the requirements of the revised Comprehensive Area Assessment, both in general terms and specifically in relation to the Use of Resources criteria.

RESOLVED – That the Audit and Inspection Letter be noted.

A37. AUDIT SERVICES ANNUAL AUDIT PLAN 2008/09 – PROGRESS REPORT – The Head of Corporate Assurance submitted a report (previously circulated) updating Members on the progress made during the first 11 months of the year against the 2008/09 Annual Audit Plan.

References were made to the outcome of the Audit Assignments undertaken and those carried forward to 2009/10; significant outputs from consultancy/corporate arrangements work/contingency activity undertaken; and the results or year-end projections of the Audit Services' Performance Indicators.

RESOLVED – That the progress report against the 2008/09 Annual Audit Plan be noted.

A38. AUDIT SERVICES – ANNUAL AUDIT PLAN 2009/10 – The Head of Corporate Assurance submitted a report (previously circulated) together with the Audit Services' Audit Plan for 2009/10 and associated performance indicators (also previously circulated).

It was reported that progress against the Plan and performance measures would be reported to this Committee during the year.

Discussion ensued on the average cost per audit day of this Council's Audit Services Section..

RESOLVED – (a) That the Audit Services’ Audit Plan for 2009/10, as appended to the submitted report, be approved.

(b) That the performance indicators to monitor the effectiveness of the Council’s internal control environment and the operational performance of Audit Services, as appended to the submitted report, be noted.

A39. ANNUAL RISK MANAGEMENT REPORT 2008/09 – The Director of Corporate Services submitted a report (previously circulated) advising Members of the approach to and outcomes from the Risk Management processes for 2008/09.

It was reported that there had been positive progress within the Authority in relation to the delivery of actions plans to mitigate key risks, together with advances in the management of operational risks through the Council’s Corporate Risk Management Group and that proactive risk management work within the Authority had again been recognised at a European and national level and had contributed to the successful annual recharge saving of £900,000 following the insurance renewal tender.

RESOLVED – That the Risk Management Report be noted.

A40. REVIEW OF ANTI-FRAUD AND CORRUPTIONS ARRANGEMENTS – The Director of Corporate Services submitted a report (previously circulated) advising Members of the outcome from a review of the Council’s Anti-Fraud and Corruption arrangements in the light of the revised Use of Resources methodology and recently issued good practice guidance.

It was reported that the review had highlighted certain enhancements to the existing arrangements which fundamentally were still considered sound and an improvement action plan was appended to the submitted report.

RESOLVED – (a) That the outcome of the review and the associated improvement Action Plan, as appended to the submitted report, be noted and progress on delivery of the Action Plan be reported to a future meeting of this Committee.

(b) That the addition of the Fraud – Roles and Responsibilities Matrix, as appended to the submitted report, to the Anti-Fraud and Corruption Strategy be approved.

