

AUDIT COMMITTEE

28th March, 2007

PRESENT - Councillor Baldwin (in the Chair); Councillor Johnson and Mr. J. Morton.(3)

APOLOGIES – Councillor Harker.

ALSO IN ATTENDANCE – Alistair Smart, PriceWaterhouseCoopers (PwC).

A26. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A27. MINUTES – RESOLVED – That the Minutes of the meeting of this Committee held on 20th December, 2006, having been circulated, be taken as read and approved as a correct record.

A28. HIGH-LEVEL REVIEW OF THE LOCAL AREA AGREEMENT (LAA) – The Director of Corporate Services submitted a report (previously circulated) together with a report (also previously circulated) produced by PricewaterhouseCoopers (PwC), following a preliminary review of the management arrangements implemented by the Council as the accountable body for Darlington's Local Area Agreement (LAA).

It was reported that the outcome of the review was positive and that overall, adequate arrangements were in place in relation to the management of the LAA with no areas being identified for detailed audit follow-up and no recommendations being made for improvements to existing arrangements.

Alistair Smart, PriceWaterhouseCoopers confirmed at the meeting that, following their review of all the Council's key documentation and discussions with the Assistant Chief Executive, there were no significant areas for further audit work at this time.

RESOLVED – That the report and assessment be noted.

A29. AUDIT SERVICES – QUALITY MANAGEMENT SYSTEM SURVEILLANCE REPORT – The Chief Internal Auditor submitted a report (previously circulated) together with a report (also previously circulated) produced by Lloyd's Register Quality Assurance Limited, an external assessment body, following a surveillance visit in March 2007 to monitor the Quality Management System operated by the Council's Audit Services Section.

It was reported that the outcome of the visit was positive and that the Section continued to meet the requirements of the ISO 9001:2000 Standard by maintaining and improving its management system and that no specific issues had been identified during the visit that would affect certification.

RESOLVED – That the surveillance report and assessment be noted.

A30. AUDIT SERVICES ANNUAL AUDIT PLAN 2006/07 – PROGRESS REPORT - The Chief Internal Auditor submitted a report (previously circulated) updating Members on the progress against the 2006/07 Annual Audit Plan in accordance with Audit Services' role and terms of reference.

The submitted report summarised the outcome from Audit Assignments undertaken and those in progress, outlined proposed amendments to the audit assignment element of the Audit Plan, detailed some of the more significant outputs from consultancy works carried out and outlined the Audit Services' Performance Indicators and gave results and year-end projections.

It was reported that the audit assignment element of the Audit Plan, had been amended and that it was proposed to carry forward the planned Development Control and Planning Audit into 2007/08 to accommodate a request from the Director of Corporate Services for staffing resources from the Audit Section to be devoted to the validation of the mayoral petition which had been received.

Following a point raised by a Member of this Committee, in respect of Indicators 1 and 2, as detailed in Appendix C to the submitted report, the Chief Internal Auditor reported at the meeting, that an Action Plan had been devised in order for this Council to maintain its rating of 'three', which would require further improvement, and work was to be carried out to explore the 'investment' required to achieve a rating of 'four',.

RESOLVED – That the report be noted and the amendments to the plan approved.

A31. AUDIT IMPROVEMENT ACTION PLANS – The Chief Internal Auditor submitted a report (previously circulated) outlining the progress made in implementing the recommendations agreed in Improvement Action Plans arising from both External and Internal Audit reports.

It was reported that PwC had commented that, in this quarter, there were no areas that they wished to bring to the Council's attention on this matter.

RESOLVED – That the report be noted.

A32. CORPORATE GOVERNANCE – UPDATE REPORT – The Director of Corporate Services and the Assistant Chief Executive submitted a report (previously circulated) outlining the progress with the application of Corporate Governance within the Authority.

The Chief Internal Auditor reported that the outcome of the Cipfa/SOLACE review on their original Framework on which the Council's Local Code was based was imminent and that any required changes to the Council's Code would be considered once the revised Framework was issued.

It was also reported that this Council's Auditors, PriceWaterhouseCoopers (PWC), had recognised the Local Code as a key management tool for strengthening and improving the Council's corporate governance arrangements and references were made to Members' training on Corporate Governance; and an analysis of 'hits' on the Council's Intranet.

RESOLVED – That the progress on the application of Corporate Governance within the Authority be noted.