

## AUDIT COMMITTEE

16<sup>th</sup> December, 2011

**PRESENT** - Councillor Baldwin (in the Chair); Councillors Johnson and McEwan. (3)

**APOLOGIES** – Mr J. Morton.

**ABSENT** –

**OFFICERS** – Brian James, Head of Corporate Assurance and Elaine Hufford, Financial Services - Manager Risk and Treasury.

**ALSO IN ATTENDANCE** – Simon Clegg, PricewaterhouseCoopers.

**A21. DECLARATIONS OF INTEREST** – There were no declarations of interest reported at the meeting.

**A22. MINUTES – RESOLVED** – That the Minutes of the meeting held on 30<sup>th</sup> September, 2011, having been circulated, be taken as read and approved as a correct record.

**A23. MID-YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT** – The Director of Resources submitted a report (previously circulated) seeking approval of revised Prudential Indicators and providing a half-yearly review of the Council's borrowing and investment activities.

It was reported that the mandatory Prudential Code, which governed Council's borrowing, required Council approval of controls, called Prudential Indicators, which related to capital spending and borrowing. The indicators were set in three statutory annual reports and the key objectives of those reports were set out in the submitted report, together with the key proposed revisions to the Indicators.

Members examined the Prudential Indicators and the Treasury Management half yearly review and were satisfied with the Council's borrowing and investment activities and the reported prudential indicators.

**RESOLVED** – (a) That the submitted report be referred to Cabinet to enable the updated prudential indicators to be approved and that Cabinet be advised that this Audit Committee is satisfied with the Council's borrowing and investment activities and the reported prudential indicators.

(b) That the Treasury Management half-yearly review be noted.

**A24. ANNUAL AUDIT LETTER 2010/11** – The Director of Resources submitted a report (previously circulated) together with a copy of the Annual Audit Letter for 2010/11. It was reported that the Letter was positive and, in terms of adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources, PricewaterhouseCoopers had issued an unqualified value for money conclusion.

**RESOLVED** – That the Annual Audit Letter for 2010/11 be noted.

**A25. AUDIT OF XENTRALL – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL’S INTERNAL AUDIT SECTION AGAINST THE AUDIT PLAN FOR 2011/12** - The Director of Resources submitted a report (previously circulated) together with a report (also previously circulated) of the Financial Planning and Audit Manager from Stockton Borough Council outlining the progress made against the 2011/12 Xentrall Audit Plan.

**RESOLVED** – That the report be noted.

**A26. AUDIT SERVICES ANNUAL AUDIT PLAN 2011/12 – PROGRESS REPORT** – The Head of Corporate Assurance submitted a report (previously circulated) outlining the progress made during the first eight months of the year against the 2010/11 Annual Audit Plan.

References were made to the outcome of the Audit Assignment work undertaken, outputs from consultancy/contingency activity and the Audit Services’ Performance Indicators.

It was reported that Audit assignment work undertaken since the last progress report in September, 2011, had resulted in a full assurance opinion for one primary school and substantial assurance opinions in respect of Waste Management, Administration of Client finances and six primary schools, and a limited assurance in respect of the audit review of Procurement-Purchasing Cards, which had been positively responded to by management and an action plan developed to deliver the required improvements. In relation to Audit Services’ key performance indicators, the position was positive.

**RESOLVED** – That the progress report against the 2011/12 Annual Audit Plan be noted.

**A27. AUDIT SERVICES – QUALITY MANAGEMENT SYSTEM CERTIFICATE RENEWAL** - The Head of Corporate Assurance submitted a report (previously circulated) advising Members of the outcomes from the Quality Management Certificate Renewal Report issued by Lloyds Register Quality Assurance Limited in respect of the Audit Services’ Quality Management System.

It was reported that the assessment outcome from the visit was extremely positive and that the management system was shown to be well-managed and effective in supporting the Audit team in the delivery of its objectives with no issues identified for management attention and that continued certification to the standard was recommended.

**RESOLVED** – That the report be noted.

**A28. REVIEW OF THE ANTI-FRAUD AND CORRUPTION ARRANGEMENTS** – The Director of Resources submitted a report (previously circulated) on the outcomes from the Council’s corporate anti-fraud and corruption arrangements.

The Head of Corporate Assurance reported a positive position with regard to the updated fraud self-assessment checklist documented in the 2011 Audit Commission

publication 'Protecting the Public Purse', that all the potential matches in the major risk data sets from the National Fraud Initiative 2010 had either been investigated or were under active examinations, that overall, the number of reported frauds and whistleblowing cases in the calendar year remained low and that the Council's anti-fraud and corruption arrangements remained appropriate and fit for purpose when compared to national good practice.

**RESOLVED** – That the report be noted.

**A29. CORPORATE GOVERNANCE – UPDATE REPORT** – The Director of Resources submitted a report (previously circulated) updating Members on progress on the application of Corporate Governance within the Authority in line with the Council's current Local Code of Corporate Governance, which had been approved by Council in 2008.

It was reported that key documents/functions that comprised the governance framework had been updated on the intranet with hyperlinks created with them to relevant supporting documentation, examples of advances made were chronicled and the report concluded that overall, positive progress was being made on the application of Corporate Governance with the Authority

**RESOLVED** – That the report be noted.