

AUDIT COMMITTEE

19th December, 2014

PRESENT - Councillor Baldwin (in the Chair); Councillors Johnson and McEwan and Mr. J. Morton (4)

APOLOGIES

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OFFICERS – Brian James, Head of Corporate Assurance; Luke Swinhoe, Head of Legal Services, Elaine Hufford, Finance Manager – Treasury/Insurance and Andrew Barber, Stockton Borough Council.

ALSO IN ATTENDANCE – Greg Wilson and Simon Clegg, PriceWaterhouseCoopers.

A20. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A21. MINUTES – RESOLVED – That the Minutes (previously circulated) of the meeting of this Committee held on 26th September, 2014, be taken as read and approved as a correct record.

A22. AUDIT OF XENTRALL – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL'S INTERNAL AUDIT SECTION AGAINST THE AUDIT PLAN FOR 2014/15 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a report (also previously circulated) of the Audit and Risk Manager from Stockton Borough Council outlining the progress made against the 2014/15 Xentrall Audit Plan.

It was reported that the audit assignments undertaken in relation to Agresso and Income had now been completed and had resulted in full assurances.

RESOLVED – That the progress report be noted.

A23. MID-YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2014/15 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) seeking approval of the revised Treasury Management Strategy, 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 out 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 and that it be advised that this Audit Committee is satisfied with the Council's borrowing and investment activities; approves the revised prudential indicators and limits and changes to the counterparty criteria; and notes the reduction in the revised Treasury Management Budget.

(b) That the thanks and appreciation of this Committee be extended to the Officers for the work they undertake.

A24. ETHICAL GOVERNANCE AND MEMBER STANDARDS – UPDATE REPORT – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) updating Members on issues relevant to Member standards and ethical governance, responsibility for which had transferred to this Committee early this year.

The submitted report set out a number of datasets of ethical indicators to assist in monitoring the ethical health of the Authority and it was reported that, by reviewing and monitoring the indicators, it was anticipated that any unusual or significant changes in the volume of data recorded for the period concerned would be identified, would alert the Authority to any deterioration in its ethical health and enable any necessary action to be taken at an early stage.

Discussion ensued on the number of complaints made in relation to Parish Councillors during one particular period, the presentation of the information in a graphical format in the future for ease of reference; the possibility of benchmarking information being also included and the positive position depicted by the data which gave confidence in the Council's arrangements.

RESOLVED – That the report and the statistical information contained therein be noted.

A25. ANNUAL AUDIT LETTER 2013/14 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a copy of the Annual Audit Letter for 2013/14. It was reported that the Letter was positive, and, in terms of the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources, PriceWaterhouseCoopers had issued an unqualified conclusion.

RESOLVED – That the Annual Audit Letter for 2013/14 be noted.

A26. AUDIT SERVICES ANNUAL AUDIT PLAN 2014/15 – 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 2014/15 Annual Audit Plan.

References were made to the outcome of the Audit Assignment work undertaken, consultancy/contingency activity and Audit Services' key performance indicators.

It was reported that Audit Assignment work undertaken since the last progress report in September 2014, had resulted in substantial assurance opinions in respect of Corporate Income, PCI-DSS Compliance, Sales Ledger, Payroll, Dolphin Centre, Dolphin Centre Catering and Direct Payments. Limited assurance opinions resulted from the audit reviews of Business Continuity, Car Mileage and Travel and Subsistence.

In these instances, management had responded positively to audit findings and agreed action plans to deliver the improvements required.

In relation to Audit Services' key performance indicators, the position was positive.

RESOLVED – That the progress report against the 2014/15 Annual Audit Plan be noted.

A27. HALF-YEARLY RISK MANAGEMENT REPORT 2014/15 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) updating Members on the approach to and outcomes from the Council's Risk Management processes

It was reported that positive progress continued to be made within the Authority regarding the management of key strategic risks and with the work undertaken by Officers to manage operational risk.

RESOLVED – That the report be noted.

A28. CORPORATE GOVERNANCE – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) updating Members on the 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 January 2008.

It was reported that the key documents/functions that comprise the governance framework had been updated on the Council's intranet with hyperlinks created within 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 within the Authority.

RESOLVED – That the report be noted.