

AUDIT COMMITTEE

16 December 2016

PRESENT - Councillor Baldwin (in the Chair); Councillors Crudass and McEwan (3)

APOLOGIES – Mr J. Morton.

ABSENT –

OFFICERS – Brian Boggon, Assistant Director, Children’s Services, Brian James, Head of Corporate Assurance, Elaine Hufford, Finance Manager and Andrew Barber, Audit and Risk Manager, Stockton Borough Council.

ALSO IN ATTENDANCE – Nicola Wright and Stuart Kenny, Ernst and Young LLP

A24. DECLARATIONS OF INTEREST – There were no other declarations of interest reported at the meeting.

A25. MINUTES – RESOLVED – That the Minutes (previously circulated) of the meeting of this Committee held on 30th September, 2016, be taken as read and approved as a correct record.

A26. OFSTED INSPECTION OF CHILDREN’S SERVICES AND DARLINGTON SAFEGUARDING CHILDREN BOARD 2015 – The Director of Children and Adults Services submitted a report (previously circulated) together with a report (also previously circulated) which had been considered by Cabinet at its meeting held on 13th September, 2016, in relation to the key findings and progress to date from the outcome of the Ofsted Inspection of Services for Children in need of help and protection, children looked after and care leavers and review of the effectiveness of the Local Safeguarding Children Board.

It was reported that since the outcome of the Ofsted review, a number of positive review and monitoring visits had taken place, the most recent of which by Ofsted had resulted in a positive letter being received which also indicated a future reduced level of intervention by Red Quadrant, the Council’s improvement partners.

RESOLVED – (a) That the actions already taken to improve performance be noted and that the congratulations of this Audit Committee be extended to the Officers involved on the progress made to date.

(b) That regular update reports continue to be submitted to this Audit Committee for monitoring.

A27. INFORMATION GOVERNANCE PROGRAMME PERFORMANCE REPORT – Pursuant to Minute A18(b)/Sep/16, the Director of Neighbourhood Services and Resources submitted a report (previously circulated) providing updated information on the completion statistics in relation to the information governance on-line awareness courses, which were mandatory for all employees that accessed the Council’s network,

to complete.

Updated statistical information was circulated at the meeting and it was reported that those statistics had shown an improvement from the September 2016 position.

RESOLVED – That the progress on the information governance awareness programme be noted.

A28. AUDIT OF XENTRALL – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL’S INTERNAL AUDIT SECTION AGAINST THE AUDIT PLAN FOR 2016/17

– 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, Stockton Borough Council, outlining the progress made against the 2016/17 Xentrall Audit Plan.

Details of previously reported audits and those completed in the period, were appended to the submitted report.

RESOLVED - That the progress report be noted.

A29. AUDIT SERVICES ANNUAL AUDIT PLAN 2016/17 – PROGRESS REPORT –

The Head of Corporate Assurance submitted a report (previously circulated) outlining the progress made during the first eight months on the year against the 2016/17 Annual Audit Plan.

It was reported that the Audit Assignment work had resulted in substantial assurance opinions in respect of the Dolphin Centre Leisure and Catering, Insurance, Housing Rents, Horticulture, Fostering, Responsive Integrated Assessment Care Team (RIACT) and grants.

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

RESOLVED – That the progress against the 2016/17 Annual Audit Plan be noted.

A30. ANNUAL AUDIT LETTER 2015/16 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a copy of the Annual Audit Letter for 2015/16.

RESOLVED - That the Annual Audit Letter 2015/16 be noted.

A31. MID-YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2016/17 – 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 which related to higher

capital expenditure in 2016/17 due to greater slippage than anticipated from 2015/16 and a reduction in the Operational Boundary.

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 – 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 notes that instruments used to make investments now include Property Funds and Corporate Bond Funds with a maximum amount of £10 million and the reduction in the revised Treasury Management Budget (Financing Costs).

A32. HALF YEARLY RISK MANAGEMENT UPDATE REPORT 2016/17 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) updating Members on the approach to and the 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 the submitted report outlined the work undertaken by Officers to manage operational risk.

RESOLVED – That the report be noted.

A33. LOCAL CODE OF CORPORATE GOVERNANCE – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) advising Members of proposed changes to the Council's Local Code of Corporate Governance and outlining the Framework for production of the Annual Governance Statement.

It was reported that the Council's current Local Code, which had been based on the publication 'Delivering Good Governance in Local Government – Framework', issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executives (SOLACE), had been adopted in 2008, however, to reflect the changing circumstances and environment within which local authorities operated, CIPFA/SOLACE had issued an updated edition of its guidance and this Council had subsequently reviewed and revised its Local Code in accordance with that guidance.

The Accounts and Audit Regulations 2015 required local authorities to publish an Annual Governance Statement (AGS) each year, the purpose of which was to provide a continuous review of the effectiveness of the Council's governance framework so as to give assurance and/or produce a management action plan to address identified areas for improvement.

Discussion ensued on the feasibility of undertaking training for all Members on the new Local Code and its supporting principles of good governance and the Council's commitment to them and how it will be met.

RESOLVED - (a) That the revised draft Local Code of Corporate Governance, as appended to the submitted report, be endorsed and forwarded to Council for approval.

(b) That the Annual Governance Statement Framework, as appended to the submitted report, be noted.

(c) That the Assistant Director Law and Governance be requested to look into the feasibility of delivering training to all Members on the revised Local Code.