

AUDIT COMMITTEE

5 July, 2017

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

OFFICERS – Andrew Barber, Audit and Risk Manager, Peter Carrick, Finance Manager, Elaine Hufford, Finance Manager, Treasury and Insurance and Seth Pearson, Executive Director of Darlington Partnership.

ALSO IN ATTENDANCE – Elizabeth Davison, Assistant Director, Finance, Human Resources and Systems, and Nicola Wright, Ernst Young LLP.

A1. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A2. MINUTES – RESOLVED – That the Minutes (previously circulated) of the meeting of this Committee held on 24th March 2017, be taken as read and approved as a correct record.

NOTE: The Chair thanked Brian James, Head of Corporate Assurance, who had recently retired, for his hard work, and service to this Committee.

A3. ANNUAL REVIEW OF SIGNIFICANT PARTNERSHIPS 2016/17 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) presenting the outcome of the annual review of significant partnerships to enable this Committee to consider the partnerships that the Council is involved with and to ensure that they have adequate governance arrangements in place.

It was reported that, through the partnership toolkit, the Council had an established approach to monitoring the significant partnerships it was involved with and, as a result, there were good governance arrangements in place for these partnerships and that they were delivering well against their objectives.

It was also reported that the toolkit had been effective in identifying high level concerns of the significant partnerships, the most common of which were levels of resourcing, and the consequent effect on capacity that had a potential implication for effective operation.

RESOLVED - That the review of significant partnerships be endorsed and that the actions being taken to address the outstanding issues be noted.

A4. TREASURY MANAGEMENT ANNUAL REPORT AND OUTTURN PRUDENTIAL INDICATORS 2016/17 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) providing Members with information regarding the regulation and management of the Council's borrowing, investments and cash-flow and seeking approval of the Prudential Indicators for 2016/17 in accordance with the Prudential Code.

It was reported that the financial year 2016/17 presented similar circumstances to 2015/16 with regard to treasury management and the main implications of this for the Council were included in the submitted report.

The submitted report summarised the Capital expenditure and financing for 2016/17; the Council's underlying borrowing need; the Treasury position as at 31st March, 2017; prudential indicators and compliance issues; the economic background for 2016/17; treasury management activity during 2016/17; and performance and risk benchmarking.

It was also reported that the Council's treasury management activity during 2016/17 had been carried out in accordance with Council policy and legal limits; financing costs had been reduced during the year and a saving of £0.374 million had been achieved from the original Medium-Term Financial Plan due to overprovision in previous years in line with the Council report of 25th February 2016.

RESOLVED – (a) That the out-turn 2016/17 Prudential Indicators within the report, and those in the Appendix to the submitted report, be noted.

(b) That the Treasury Management Annual Report for 2016/17 be noted.

(c) That the submitted report be forwarded to Cabinet and Council, in order for the 2016/17 Prudential Indicators to be noted.

A5. ANNUAL RISK MANAGEMENT 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 with the work undertaken by Officers to manage operational risk.

RESOLVED – That the report be noted.

A6. INTERNAL AUDIT SHARED SERVICE – ANNUAL AUDIT PLAN 2017/18 PROGRESS REPORT – The Audit and Risk Manager submitted a report (previously circulated) providing Members with a progress report against the 2017/18 Annual Audit Plan, in accordance with the Shared Service Internal Audit Charter.

The submitted report stated that the Shared Internal Audit Service Annual Audit Plan 2017/18 had been approved by this Committee in March 2017, and that the Shared Internal Audit Service had been formally implemented on 1 April 2017. The report outlined the work undertaken in terms of amalgamating the two teams from different organisations, the work conducted to implement the new continuous audit approach for appropriate audits, and the commencement of nine audit assignments.

It was reported that, at the request of clients, consultancy work had been undertaken on specific projects, and that the Shared Service had also responded to routine requests from groups for advice and guidance on operational matters.

RESOLVED – That the progress report against the 2017/18 Annual Audit Plan be noted.

A7. MANAGERS' ASSURANCE STATEMENTS – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) advising Members of the outcome from the 2016/17 Managers' Assurance Statements (MAS).

It was reported that the MAS were a key element of the Council's corporate governance arrangements and, based on the 2016/17 returns, had identified an overall positive position. The common themes highlighted were the need to complete the refreshed information risk assessments and deliver associated action plans, to continue to test regularly Business Continuity Plans for identified priority service areas, and to ensure inventories are up to date.

RESOLVED – That the contents of the report be noted.