

## **Audit Committee**

A meeting of Audit Committee was held on Monday, 19th February, 2007.

**Present:** Cllr B Woodhouse (Chairman), Cllr D Cains, Cllr M Cherrett, Cllr J A Fletcher, Cllr W Noble, Cllr M Perry and Cllr M Stoker.

**Officers:** J Bell, J Davis, I Jones (R); D E Bond, P K Bell (LD).

**Also in attendance:** G Gittings, K Andrew (District Audit).

**Apologies:** Cllr Patterson and Cllr Womphrey.

### **1038 Declarations of Interest**

There were no declarations of interest.

### **1039 Minutes**

The minutes of the meeting held on 20th November 2006 were signed by the Chairman as a correct record.

### **1040 Stockton on Tees Borough Council - Use of Resources 2006**

Consideration was given to a report that had been produced by the Audit Commission. The annual Use of Resources (UoR) assessment evaluated how well councils managed and use their financial resources. The assessment focused on the importance of having sound and strategic financial management to ensure that resources were available to support the Council's priorities and improve services, covering five themes.

This was the second year of carrying out the assessment and the Audit Commission's work had focused on building on our previous year's work and updating it for any changes and improvements to the Council's arrangements.

Judgements were made for each theme on the following scale which had been standardised by the Audit Commission across inspection and performance assessment frameworks:-

Standard scale used for assessments and inspections

- 1 Below minimum requirements – inadequate performance
- 2 Only at minimum requirements – adequate performance
- 3 Consistently above minimum requirements – performing well
- 4 Well above minimum requirements – performing strongly

In forming the assessment, the Audit Commission followed the methodology set out in the Use of Resources Guidance for Councils, 2006 assessment. In particular, in order to support scores of 3 and above, the Audit Commission needed to consider whether relevant arrangements were 'embedded' - they had been operating consistently with clear outputs and having an impact. For scores of 4 (performing strongly) the Audit Commission were required to consider whether, in addition to meeting the descriptors/criteria, councils demonstrated innovation or best practice that could be shared with other authorities. The

descriptors/criteria at level 4 had been kept to a minimum so as to avoid them becoming unnecessarily prescriptive and limiting.

In relation to future assessments, as outlined in the CPA framework documents for 2006 for single tier and county councils, the status of a number of criteria would change to 'must have status'. For information, these criteria had been summarised as appendix to the report. In order for the Council to sustain or to improve upon its current performance at the next assessment, it would need to take those criteria into consideration.

The five themes and theme scores were:-

1. Financial Reporting - 4
2. Financial Management - 4
3. Financial Standing - 3
4. Internal Control - 3
5. Value For Money - 3

Attached to the report was a summary which set out the Audit Commissions key findings in relation to each theme and key areas for improvement.

The Council's overall score was 4 – 'performing strongly'.

G Gittings (District Audit) outlined that all of the Audit Commissions recommendations had been accepted by the Authority.

CONCLUDED that:-

1. The Audit Commission report be noted.
2. Officers from Finance be congratulated on their achievement.

## **1041 Constitutional Update**

Consideration was given to a report that updated Members regarding changes to the Council's existing constitutional framework.

During 2006 a range of revisions and additions to the Constitution were agreed.

In particular, the following were highlighted:-

a revised, extended confidential reporting policy was agreed and publicised; new access to information (revised Schedule 12A Local Government Act 1972) procedure rules were introduced; and an updated scheme of delegation was developed, based on the experience of using the scheme contained in the version of the Constitution published on 1 October 2005.

Reports had been presented regularly to the Standards Committee regarding the Confidential Reporting Policy and a report would be submitted to a future meeting of the Standards Committee to explain recent developments in relation to the Policy.

The following were also included in the Constitution:-

- A guide to Officer delegated decision-making and recording'
- The use of IT equipment by Members protocol;
- The Members' Guide to Information Security;
- The Partnership Strategy for Local Councils; and
- The Council's Consultation Strategy.

During the latter part of 2006 a new version of the Constitution was brought to Members' and Officers' attention prior to publication, updated to reflect the changes referred to in the preceding paragraphs, as well as other changes previously agreed by the Council, such as the new scrutiny arrangements and revised Cabinet Member portfolios.

The proposed new version of the Constitution also incorporated a number of other changes or new additions as follows:-

- By way of a change to the Constitution Scheme of Delegation, the value threshold in relation to the granting of new leases or lease renewals, about which a report to and a decision by Cabinet was required had been increased from £25,000 to £75,000 and the value threshold for Officer decisions/Cabinet approvals in relation to freehold disposals had been increased from £250,000 to £500,000.
- A Gifts and Hospitality Protocol.

A link had been included in the Constitution to the Scrutiny Toolkit. The toolkit was continuing to be developed in consultation with Members. It was proposed to include a protocol on attendance and questioning at Select Committees in the toolkit.

Revised Council Procedure Rules (updated in light of the experience gained in applying the previous Rules in practice), and a revised Concordat for Communication and Consultation with Members (amended due to changes to Cabinet Member portfolios and to Members' information provision because of the introduction of E-Genda) had been reported to and agreed by Cabinet (4 January 2007) and Council (17 January 2007).

A new Planning Code of Good Practice had also been introduced following reports to the Planning Committee, Standards Committee, Cabinet and full Council (17 January 2007).

A revised, up to date Constitution encompassing all of the matters outlined in the report had been published and was accessible on the internet via a link from the front page to the "Your Council" page, and also on the intranet.

CONCLUDED that the report be noted.

## **1042 Internal Audit Progress Report**

Consideration was given to a report which advised Members of the work carried out by the Internal Audit Section and the progress made during the quarter

October to December 2006 against the current annual audit plan.

Internal Audit was an independent appraisal function established by the Council to objectively examine, evaluate and report on the adequacy of internal controls. This role ensured that there was proper economic, efficient and effective use of resources. It also ensured that the Council had adequate accounting records and control systems.

Members were reminded that the list of all audit work undertaken in the period covered by the report had been circulated to all Councillors prior to the meeting.

The appendices attached to the report showed details of the sections performance in the following areas:-

Appendix A: Key Performance Indicators.

Appendix B: List of audits undertaken and number of recommendations made

Appendix C: Details of audits by Service Groupings.

Members were given the opportunity to raise questions on issues that affected their ward or other areas of responsibility.

CONCLUDED that the report be noted.

#### **1043 Health and Safety Report to end of December 2006**

Consideration was given report which covered the services and activities of the Health and Safety Unit for the period October, November and December 2006.

The report gave the accident, assault and training statistics for the 3rd quarter of 2006. It also gave comparison between this quarter and the same period in 2005.

The following areas were highlighted to Members:-

##### Health & Safety Training

Forty-One training sessions were delivered in this quarter, to a total of 350 delegates. There were Twenty-Seven additional bespoke courses delivered within departments.

##### Accidents

Accidents reported to the Health & Safety Unit this period were 39, this compared with 38 over the same period last year and with 23 in the previous reporting period.

##### Physical Assaults

There were 39 Physical assaults reported in this quarter, which compared with 20 reported in the previous reporting period and 42 in the same period in 2005.

## Verbal Assaults

There were 43 verbal assaults, which compared with 14 reported in the previous reporting period and 16 in the same period in 2005.

CONCLUDED that the report be noted.

### **1044 Corporate Risk Register Progress Report Period Ending 31 December 2006**

Members were reminded that quarterly reports on the Corporate Risk Register were presented for the purpose of reviewing the key risks that had been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. They also set out the actions being taken to ensure that the risks, and possible adverse outcomes, were minimised.

Members had requested that, in the absence of substantial changes to the register, quarterly reporting should be confined to highlighting significant additions and amendments since the previous update, with a detailed report incorporating a review of the Council's risk management process being produced annually.

The interim report covered the period 30 September to 31 December 2006. All Service Groups had been contacted subsequently and the returns indicated that there had been some changes to the Authority's risk profile over the months in question. These comprised the addition of a new risk, several deletions and, the revision of an existing entry.

The changes since the last reported position were detailed in the appendices attached to the report.

The new risk added to the register was summarised within the report.

Also attached to the report were the details of the four risks that had moved below the corporate reporting threshold and had therefore been deleted from the register. Additionally, information was provided on one risk where reductions in the ratings had been possible due to progression of the associated action plan.

For purposes of record, the changes referred to above had been incorporated in the latest version of the full Corporate Risk Register. This was available in the Member's Library and an electronic copy incorporating the supporting risk assessment details, was to be placed on the intranet.

CONCLUDED that the report be noted.