

## Audit Committee

A meeting of Audit Committee was held on Thursday, 19th April, 2007.

**Present:** Cllr Barry Woodhouse(Vice-Chairman), Cllr D. Cains, Cllr M. Cherrett, Cllr J. Fletcher, Cllr. R.Patterson, Cllr W. Noble, Cllr Mrs Womphrey (vice Cllr Womphrey)

**Officers:** J. Haworth (ACE), I. Jones, D. McDonald (R) M. Henderson (LD)

**Also in attendance:** G. Gittins, C. Andrew (Audit Commission)

**Apologies:** Cllr Perry, Cllr Stoker and Cllr Womphrey

### **1327 Declarations of Interest**

Councillor Patterson declared a personal, non prejudicial interest in item 6 entitled 'Internal Audit Annual Report 2006/2007 as he had a daughter who was a pupil at All Saints School, Ingleby Barwick, which was referred to in the report.

### **1328 Minutes**

The minutes of the meeting held on 19th February 2007 were signed by the Chairman as a correct record.

### **1329 Audit Commission Annual Audit and Inspection Letter 2006**

Members noted that the Commission was responsible for arranging the audit of the accounts of the Council and were responsible for undertaking annual Comprehensive Performance Assessment and other service inspections.

A formal stage in this process was the production of the Annual Audit and Inspection letter and it was explained that the letter for 2006 had been received and was provided to Members for consideration.

It was explained that a copy of the letter would be sent to all Members of the Council and it would be presented to Cabinet early in 2007/08.

Representatives, from the Commission, were in attendance to present the report and answer any questions raised by Members.

The Committee noted that the Council had been recognised by the Audit Commission as being amongst the best ten in the country 'the premier league of stellar performers' and had achieved four stars and was improving strongly, which was the highest assessment possible.

The Commission had, however, identified areas for further improvement:-

- User satisfaction with public transport
- Areas of the housing service
- A drop in satisfaction levels of users with how the Council keeps them informed of services and benefits.
- Equality standards

Members noted the areas for improvement identified but pointed out that,

particularly with regard to satisfaction with public transport, the Council's influence was limited as transport was provided by private bus companies. Members noted that the Council was seeking to address problems with public transport through partnership working, across Tees Valley, including the development of a transport strategy.

It was suggested that the fall in the public's satisfaction with how the Council communicated with them, was perhaps a reflection of an increase in public expectations. Members noted that nationally there had been a decline in satisfaction levels in this area and although this had affected Stockton, the Council remained in the top quartile of performance. Work was on going to improve this issue.

The Committee noted that the Council had focused a great deal of work on Equality and Diversity and officers indicated that it was anticipated that the Council would reach level 3 of the equality standard, when next assessed. This was a significant improvement and was welcomed by the Commission.

Members noted the Commission's Direction of Travel Report which identified many of the areas the Council continued to perform strongly in, these included:-

- The Council progressed strongly in all of its priority areas including education, social care, housing and care for your area.
- The Council's score for its Children and Young People Service had improved and had become the first Council in the North East to be judged excellent.
- The benefits service was considered excellent.
- The Council's work with Tristar had resulted in noticeable improvement in performance.
- The Safer Stockton Partnership had achieved Beacon status and a 'green light' award.
- The Council made strong contributions towards wider community outcomes
- Use of Resources had improved from good to excellent.
- The Council had improved its monitoring and reviewing of service delivery at service and corporate levels.
- Most of the Council's key objectives and milestones had been achieved.
- Corporate Governance arrangements were strong and provided a strong basis for continued improvement.

The Committee were provided with details of Service Inspections and noted that Supporting People had been inspected and Tristar Homes re-inspected. Both had been rated two star with promising prospects for improvement. Details of Service inspections undertaken by other inspectorates were also provided and it was noted that outcomes had been positive.

The Committee considered the Commission's findings with regard to financial management and value for money and was reminded that the Commission's overall assessment of the Council's use of resources, including value for money, was the highest possible - 4 out of 4.

Finally, the Commission thanked the Council for the positive and constructive approach it had taken toward the audit and inspection.

RESOLVED that the content of the letter be noted.

### **1330 Quarterly Health and Safety Report**

Members considered a report that covered the services and activities of the Health and Safety Unit for the period January to March 2007.

The Committee noted that:-

- Thirty four training sessions had been delivered to a total of 305 delegates.
- Fifty seven accidents had been reported.
- Forty physical assaults had been reported and 14 verbal assaults

RESOLVED that the report be noted.

### **1331 Internal Audit Annual Report 2006/07**

Consideration was given to Internal Audit's annual report 2006/2007. The report provided Members with details of the Audit Service's performance during this period. The overall performance of the Service was summarised as follows:

- 96.8% of planned work achieved against a target of 93%, plus an additional 32 ad hoc audits had been undertaken.
- 100% acceptance of audit recommendations;
- Satisfactory management satisfaction survey ratings (4.53 out of a possible 5);
- Satisfactory annual report from External Auditor;
- ISO9001 (2000 standard) accreditation retained;

The annual report also detailed how the Internal Audit Section had "added value" to the Council's activities. Members were provided with information under the following headings.

- Audit Methodology
- Quality and Quantity Issues
- Audit Opinion Statement

With regard to the Audit Opinion Statement Members noted that the Council had an adequate and effective internal control environment, upon which it could place reasonable reliance to deliver the systems, objectives or detect fraud or other malpractice within a reasonable period.

Additionally the following appendices were considered

- A – Key Performance Indicators
- B – Operational Performance
- C – Details of Audits by Department
- D – Analysis of recommendations into priorities and categories by Department.

Members noted that during 2006/2007 there had been a total of 1071 recommendations compared with 837 during 2005/06. It was explained that this increase was possibly a result of the following:-

- during 05/06 there had been 5 Audits that had attracted a category 5 recommendation, where issues of fundamental significance had been identified. In such circumstances, although an audit may have revealed a large number of concerns and potential recommendations, only one recommendation was recorded i.e category five.
- Also, during 06/07, auditors had started to audit Financial Management Standards in schools and this had produced a larger than usual number of recommendations.

It was explained that with regard to recommendations, associated with schools, auditors had tried to ensure that they would improve the quantity and quality of information that was forwarded to Schools' Board of Governors.

RESOLVED that the Internal Audit Annual Report 2006/07 be noted.

### **1332 Annual Statement on Internal Control 2006/07**

Members were informed that the Accounts and Audit Regulations 2003 required all authorities in England to conduct a review at least once a year of the effectiveness of its systems of internal control and include a Statement of Internal Control within their Statement of Accounts. The deadline for completion of the Statement of Accounts for 2006/07 was 30th June 2006. The Statement of Accounts and the Statement of Internal Control would be presented for approval to this Committee on the 28th June 2007.

A further requirement of the regulations stated that the Chief Executive and the lead Member of the Committee must sign the statement following full approval of the Committee and it was envisaged that this would take place at the Committee's meeting on 28th June 2007. A key objective of this signing off process was to secure corporate ownership of the statement's contents.

The Statement of Internal Control included an acknowledgement of responsibility for ensuring there was a sound system of control and an indication of the level of assurance that the system of internal control provided. The statement also included a description of the key elements forming the control environment, a description of the process applied in reviewing the effectiveness of the system and an outline of the actions taken or, proposed to be taken, to deal with significant internal control issues.

The Council's Statement of Internal Control for 2006/07 was provided to Members. The Council had not identified any significant issues that were not being addressed within the Statement. It was explained that the Audit Commission, the Council's external auditor, had been consulted on the process

and the identification of key internal control issues.

Members discussed the Statement and agreed its content.

RESOLVED that the draft Statement be noted.