

## **Audit Committee**

A meeting of Audit Committee was held on Thursday, 26th June, 2008.

**Present:** Cllr Barry Woodhouse (Chairman), Cllr John Fletcher, Cllr Maurice Perry, Cllr Mick Womphrey.

**Officers:** David Bond, Michael Henderson (LD); Jim Bell, Ian Jones, Brian Simpson(R).

**Also in attendance:** Mr Francis Hayes (Chairman of Standards Committee), Angela Tetradis (Audit Commission).

**Apologies:** were submitted on behalf of Cllr Miss Tina Large, Cllr Ross Patterson, Cllr Mrs Sylvia Walmsley, Cllr Maurice Frankland, Cllr Mrs Kathryn Nelson.

### **A       Declarations of Interest**

**17/08**

There were no interests declared.

### **A       Annual Report of the Standards Committee 2007/2008**

**18/08**

Members were presented with the Standards Committee's Annual Report for 2007/08 by the Chair of the Standards Committee and the Monitoring Officer. A copy of the Annual report was provided and had been agreed by all Standards Committee members.

The production of annual reports was an essential part of the Council's performance monitoring, reporting and planning procedures.

Monitoring, planning and reviewing the work of the Standards Committee should equally therefore include an annual reporting process as best practice.

The purpose of the report was not only to provide an overview of the work of the Committee during the past year, but also to identify and promote examples of best practice and to provide an opportunity to review and learn from experience. The report therefore set out the Committee's Statutory responsibilities, summarised how they had been discharged during 2007/08 and drew attention to those issues that would require attention in the year ahead.

Consultation on the report had also taken place with the relevant Cabinet Member; the Head of Legal Services as Deputy Monitoring Officer; the Head of Democratic Services; the Corporate Governance Group and the Corporate Management Team.

The report would also be presented to Cabinet and then to full Council for acceptance. Once the report had received full acceptance it would be placed on the intranet and the internet.

RESOLVED that the Standards Committee's Annual Report be endorsed and forwarded to Cabinet.

### **A       The Monitoring Officer's Report - 2007/2008**

**19/08**

Members were provided with details of the Monitoring Officer's Annual Report for 2007/08. The report had been considered by the Standards Committee. A

copy of the Annual Report was provided and had been considered and accepted by the Standards Committee.

The production of annual reports was an essential part of the Council's performance monitoring, reporting and planning procedures.

Monitoring, planning and reviewing the work of the Monitoring Officer should equally therefore include an annual reporting process as best practice.

The purpose of the report was not only to provide an overview of the work of the Monitoring Officer in the past year, but also to identify and promote examples of best practice and to provide an opportunity to review and learn from experience. The report therefore outlined the Monitoring Officer's Statutory responsibilities, summarised how they had been discharged during 2007/08 and drew attention to those issues that would require attention in the year ahead.

Consultation on the report has also taken place with the relevant Cabinet Member; the Head of Legal Services as Deputy Monitoring Officer; the Head of Democratic Services; the Corporate Governance Group and the Corporate Management Team.

The report would also be submitted to Cabinet and then to full Council for acceptance. Once it was agreed the report would also be placed on the intranet and the internet.

RESOLVED that the Monitoring Officer's Annual Report for 2007/08 be endorsed.

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20/08**

### **Corporate Risk Register and Annual Risk Management Report 2007/2008**

Members were provided with the Risk Management Annual Report 2007-2008.

The Annual report provided details of risk management activity that had taken place over the previous 12 months. It also outlined risk management policies and practices in place and the key issues that would be addressed in the financial year. Additionally the report provided the latest version of the Corporate Risk Register with amendments made over the final quarter of the year ending 31st March 2008.

Members were informed of progress relating to the risk strategy during the year 2007/2008, these included:-

- Improvements to the framework for identifying and managing risk across the authority.
- Further development of risk reporting and monitoring processes and strengthening risk management arrangements at the operational level of the authority
- Actively responding to the Civil Contingencies Act
- Benchmarking activity with other public sector organisations.

- Training and Support

The report also identified areas for focus during 2008/09:-

- Comprehensive Area Assessment (replacing the CPA)
- Level one projects – the monitoring and review of high level strategic projects.
- Corporate Manslaughter
- Stockton Darlington Partnership

Members noted that, with regard to risk register there had been no significant changes during the last quarter and the latest version was provided for Members attention. The risks identified also served to provide assurance that the significant risks of the council were being robustly managed.

Members asked questions and discussed various aspects of the Risk Register.

RESOLVED that the report be accepted.

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**21/08**

### **Statement of Accounts 2007/2008**

Members were presented with the Council's Statement of Accounts for 2007/08.

The Accounts and Audit Regulations 2003 (amended 2006) required all authorities in England to prepare their Statements of Accounts for 2007/08 by 30th June 2008. The setting of this date was one of the steps introduced by the HM Treasury to bring forward the closure process ensuring that all public bodies complete and gain approval of their Statements by a set deadline. This requirement was detailed within the Governments regulation "Whole of Government Accounts (WGA)" and would enable the HM Treasury to consolidate all public body accounts to assist policy making and proper financial management.

To ensure the Governments timescales were met a detailed timetable had been in place for a number of years. This timetable was reviewed on an annual basis to resolve potential problem areas and the process was fully supported by the Corporate Management Team. The Council had met its deadlines and had worked closely with the Audit Commission to ensure the changes to Financial Standards, Practices and Reporting that had been introduced in 2007/08 had been introduced and adopted.

Members were provided with a brief presentation on key financial issues included within the Statement and processes employed by the Council to identify key stakeholder requirements. A copy of the full Statement of Accounts had been made available in the Members Library, a draft statement was available on the Internet and a Summary Statement of Accounts had been distributed to Members for information.

In accordance with the Comprehensive Performance Assessment (CPA)

Framework the Statement of Accounts, including the Corporate Governance Statement and the approval process would be subject to close and detailed scrutiny by Members. To assist the scrutiny process key financial issues were identified.

A requirement of the regulations stated that the lead Member of the Committee must sign the explanatory forward and it was requested that the committee approve the Statement of Accounts, including the Corporate Governance Statement, enabling the Chair of the Audit Committee to undertake this role.

Members discussed the accounts and asked a number of questions.

Discussion and questioning focused on the following areas:-

- Changes in the Capital Accounting regime;
- The impact of corporate budgets on the Council's outturn position, the types of budgets included and the reasons for the variances;
- The level of the Council's investments and the reasons for the increase during the year;
- Removal of Joint Strategy Unit from group accounts – it was noted that these may yet be included following further discussion with the Audit Commission;
- Component accounting and the requirement that expenditure incurred was attributed to individual assets;
- The Impairment of capital expenditure and the impact on the asset register and the revenue account;
- Deferred charges – the impact on the balance sheet and the revenue account of capital expenditure that does not result in a tangible asset and the types of expenditure that fit within this category;
- Whole Government Accounts and the trend towards Council accounts being prepared and presented like private sector accounts;
- Unspent balances including earmarked and general reserves – noted that these would be spent over the medium term on a range of identified projects;
- School Reserves – noted that this was up from last year and would be monitored. Relevant schools would need to identify how they were going to deal with their reserves.

RESOLVED that the Statement of Accounts for 2007/08 be approved and the explanatory forward be signed by the Chairman.