

Audit Committee

A meeting of Audit Committee was held on Monday, 1st March, 2010.

Present: Cllr Barry Woodhouse (Chairman); Cllr John Fletcher, Cllr Maurice Perry, Cllr Mrs Sylvia Walmsley and Cllr Mick Womphrey.

Officers: I Jones, A Barber, J Bell, D MacDonald (R); C Andrew (Audit Commission); J Humphreys (CESC); P K Bell (LD).

Also in attendance: None

Apologies: Cllr Mrs Lynne Apedaile, Cllr Maurice Frankland, Cllr Mrs Kath Nelson and Cllr Ross Patterson.

A Declarations of Interest

44/09

There were no interests declared.

A Minutes of the Meeting held on 7th December 2009

45/09

The minutes of the meetings held on 7th December 2009 were signed by the Chairman as a correct record.

A Internal Audit Progress Report

46/09

Consideration was given to a report on the work carried out by the Internal Audit Section and the progress made during the quarter October to December 2009 against the annual audit plan.

Members noted that Internal Audit was an independent appraisal function established by the Council to objectively examine, evaluate and report on the adequacy of internal controls. The 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 and was attached to the report. The intention was to give Members the opportunity to raise questions on issues that affected their ward or other areas of responsibility and for answers to be provided at the meeting.

Following a review of the internal audit service in 2008/09 by the Audit Commission, a recommendation was made that checks should be made on the implementation of agreed internal audit recommendations. Members agreed the procedures for this action at its June 2009 meeting. Appendix D that was attached to the report showed the results of the sample testing undertaken.

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

* Key Performance Indicators.

* List of audits undertaken and number of recommendations made.

- * Details of audits by Service Groupings.

- * Results of sample testing on the implementation of internal audit recommendations.

Members were given further details on a number of audits where there had been a large number of recommendations and were then given the opportunity to ask questions.

Members asked questions on the following audits that had taken place in the CESC service group:-

- * All Saints Secondary School

- * Community Care Services - Home Care

- * Mental Health Services

The Corporate Director of Children, Education and Social Care and the Chief Internal Auditor were in attendance at the meeting and answered the questions from Members. The Corporate Director of Children, Education and Social Care outlined the measures that had been put in place and the further measures that would be put in place to give the above areas a sound system of controls.

Members were satisfied with the responses from the Corporate Director of Children, Education and Social Care and requested that they receive updates on the above 3 audits at a future meeting of the Committee.

RESOLVED that the report be noted.

**A
47/09**

Corporate Risk Register Q3

Consideration was given to a report on the Corporate Risk Register Progress Report Quarter 3 (2009/10) - Period Ending 31st December 2009.

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 at the end of Quarter 4.

The interim report covered the period 1st October to 31st December 2009. 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 two new risks, the deletion of three existing risks, together with the update of a number of the existing entries.

The changes since the last reported position were attached to the report as follows:-

- * New risks added to the register.
- * Deletion from/amendments to the register.

The new risks added to the register were as follows:-

- * Inaccurate data collection and management (CESC)
- * Securing funding for the Integrated Health and Social Care facility at Billingham (DANS)

A more detailed risk identification, assessment and management information for the new risks was attached to the report.

The details of the risks that had moved below the corporate reporting threshold, and which had therefore been deleted from the register was attached to the report. Also recorded were changes to the general management information for individual risks, and to the numbering sequence of entries in the register.

As two risks had been added and another three deleted, the total number of significant risks in the Corporate Risk Register was reduced to 13 at the end of the Quarter.

Members noted the changes referred to within the report and that they 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 available to Members.

RESOLVED that the report be noted.

A Health & Safety Report

48/09

Consideration was given to a report that detailed the activity of the Health and Safety Unit for the period 1st October to the 31st December 2009.

The significant activity of the Health and Safety and the Well-being team was outlined, including partner and stakeholder involvement:-

1. Health and Safety training
2. The Well-being team
3. Accidents Reported
4. Physical Assaults Reported
5. Verbal Assaults Reported
6. Premises Audited
7. Construction (design and management) Regulations 2007 (CDM)
8. Decent Standard Site Inspections
9. Educational residential visits vetted
10. Employee Protection Register Activity

With regard Health & Safety Training programmed training sessions were delivered to a total of 111 delegates, and 19 further bespoke courses delivered

within departments to a total of 185 delegates.

The activity of the Wellbeing Team was:-

No. of Back Care Referrals - 122
No. of Sickness Absence Referrals - 91
No. of New Physiotherapy Appointments - 102
No. of Review Physiotherapy Appointments - 477
No. of Work Place Assessments - 77
No. of Return to Work / Occupational Health Assessments - 6
No. of Client Assessments - 0
No. of Scans - 3
No. of Podiatrist - 9
No. of Health Assessment Sessions - 11
No. of Health Assessment Attendees - 567

In December the Council was successfully assessed against the criteria for the Bronze level of the North East Better Health at Work award.

The award had been developed to give recognition to workplaces in the North East Region which actively promoted workplace health. Entailing a partnership between workplaces, the local Primary Care Trust, Public Health departments and other health improvement specialists. Through this partnership it was hoped to maximise opportunities for health improvement and to achieve some of the well documented benefits for the Council including:-

- Improved workplace health
- Improved corporate image
- Increased productivity
- Improved staff morale and loyalty
- Reduced absenteeism
- Reduced staff turnover.

The presentation was made by Dame Carol Black on 19th January 2010. Stockton on Tees Borough Council was the largest of 10 local employers to undertake the award and was working towards the Silver level.

A total of 122 referrals were received to the Back Care Programme from all departments within the Council and partners requesting an assessment of an employee's workplace and/or physiotherapy or podiatry treatment.

The Council's first flu vaccination programme (seasonal and swine) had been successfully concluded. In total 116 direct front line care staff had the single seasonal vaccine, 179 had the single swine flu vaccine and 176 had both vaccines combined. The programme was run jointly by the Wellbeing team, the Primary Care Trust and our provider, European Vaccination group.

The annual programme of health promotion events for 2010 – 2011 commenced on the 5th February 2009 with a Stress Down Day, lunchtime Salsa dancing taster session in Stockton. Forthcoming events would include:-

March - Prostate Cancer month. Ovarian Cancer month. No Smoking Day (10th)
April - Bowel cancer month. Mental health Action week. Orchid male cancer.

May - Fruity Friday (14th). Asthma Awareness week. Stroke awareness day
June - Cervical screening week. Men's health week.
July - National transplant week.
August - Workplace health checks
September - Migraine awareness week. Know your numbers week.
October - Breast cancer month. World Mental Health day (10th).
November - World Diabetes day (14th)
December - World Aids Day.

Two days of Cardiovascular Disease assessment screening had been organised with the Primary Care Trust . This was available to any employee over 40 who was not receiving any treatment for heart disease or high blood pressure via their GP or who had not been assessed by the nurses or their GP's surgery in the past 3 years. Dates had been arranged for 15th April 2010 and 14th May 2010.

The Wellbeing team were continuing to work closely with the CFYA team to run health promotion and screening to the CFYA workforce on their annual training programme. This year the team were targeting male health conditions, healthy eating, blood pressure checks, cardiovascular assessment (for over 40's), smoking cessation and hand hygiene.

The Wellbeing Advisor had recently completed training with Mental Health England to deliver Mental Health First Aid training within the workplace. This would contribute to the overall strategy being developed to tackle and reduce workplace stress and the stigma associated with mental illness.

Accidents reported to the Health & Safety Unit during the period were 33. This compared with 32 over the same period last year and with 31 in the previous reporting (quarter) period.

Physical Assaults reported to the Health & Safety Unit during the period were 13. This compared with 46 over the same period last year and with 15 in the previous reporting (quarter) period.

Verbal Assaults reported to the Health & Safety Unit during the period were 30. This compared with 22 over the same period last year and with 12 in the previous reporting (quarter) period.

The number of premises subjected to a health, safety and welfare audit during the period amounted to 46.

The number of recommendations provided to premises managers within the period to ensure a satisfactory standard of safety management safeguards was 189

The number of Pre-Construction Health & Safety Information packs produced in this period was 8.

During the ongoing monitoring and reviewing of the decent standards improvement schemes a total of 4 audits were undertaken with 3 recommendations issued to Tristar Homes Ltd.

The Health and Safety Unit performed the role of Educational Visits Adviser in accordance with industry best practice as defined by DFEE publication, Health and Safety of Pupils on Educational Visits 1998, BS 8848 2009 and the Learning Out of The Classroom (LOTC) Code of Conduct. The role provided advice and training, challenging individual school's safety management safeguards and endorsing those arrangements.

In the third quarter, the safety management safeguards of 20 educational visits (18 domestic, 2 foreign) involving 602 pupils had been appraised, challenged and endorsed.

The Employee Protection Register launched in July 2008 was an on-line data base of known perpetrators who presented an identified risk to the continued safety of Council's and Partner's workforce. The EPR had been successfully launched in all schools to provide additional security to Parent Support Advisers and other members of the school's workforce who may be conducting pastoral care or domiciliary visits.

RESOLVED that the report be noted.

A 49/09 Audit Commission-Progress Report

Consideration was given to a report from the Audit Commission that provided a summary of the progress on the audit to date. The report also highlighted key emerging national issues and developments.

The Audit Commission reported to the Audit Committee in September 2009 that they had completed the audit of the 2008/09 financial statements and gave the opinion on the accounts. The Audit Commission were unable to issue the certificate and close the audit of the accounts as there was an outstanding objection in respect of the taxi licensing account.

The Audit Commission had completed their consideration of the objection and it was not upheld. The Audit Commission issued the certificate on the accounts on 10th February 2010 and a copy of the letter to the Council was attached to the report.

The Audit Commission's approach to planning had changed for 2009/10 and instead of producing a full audit plan in April 2009, which was several months before the Audit Commission start any work, they would prepare a letter at the beginning of the audit year, with a detailed plan later.

The Audit Commission had issued their 2009/10 fee letter to the Chief Executive and Audit Committee in April 2009.

The Audit Commission were reviewing their initial risk assessment to update their opinion plan for changes since April 2009 and were carrying out "walk through" testing of the significant financial systems. The Audit Commission would present their revised plan and any matters arising from the review of Internal Audit at the next Audit Committee meeting.

The Audit Commission had had discussions with officers about their approach to the Use of Resources assessment for 2009/10 and had prepared a gap

analysis and work plan for each of the key lines of enquiry. Officers had provided a list of key contacts and the Audit Commission planned to carry out the work in the period up to the end of March 2010.

The report highlighted the following developments that had occurred that were relevant and were of interest to Members:-

- * Audit Commission national reports
- * Other Audit Commission communications
- * CIPFA publications
- * Other publications

Also attached to the report were copies of:-

- * Audit practice annual quality report
- * Audit quality review process

Members were then given the opportunity to ask questions and make statements on the report.

RESOLVED that the report be noted.

A
50/09 **Tackling Health Inequalities in the North East-Audit Commission**

Members were presented with a report by the Audit Commission on Tackling Health Inequalities in the North East.

The report contained the following:-

- * Introduction, summary and way forward
- * Health Inequalities in the North East
- * Seven key challenges in addressing health inequalities in the North East
- * Recommendations and key questions

Members were then given the opportunity to ask questions and make statements on the report.

RESOLVED that the report be noted.

A
51/09 **Annual Report of the Audit Committee**

Consideration was given to the Annual Report of the Audit Committee.

The report outlined The Chartered Institute of Public Finance & Administration (CIPFA) stated that an effective Audit Committee would produce annual reports on its work and findings.

The report informed Members of the work of the Audit Committee during 2009/10 and the sources of information upon which the enclosed Audit Committee opinion statement was based.

Members were reminded of the role of the Audit Committee which was:-

- (a) Reviewing and monitoring the Council's approach to risk management and corporate governance including the approval of the Statement of Internal Control.
- (b) Monitoring the integrity of the Council's financial statements and approving the Statement of Accounts.
- (c) Reviewing any proposed changes to accounting policies and promoting discussion around these.
- (d) Considering budget reports and the effect of government announcements on the Council's finances.
- (e) Reviewing Financial Update reports identifying the impact on the Medium Term Financial Plan.
- (f) Approving the role and responsibilities of the Internal Audit Service
- (g) Considering the appointment of the External Audit, as far as the Audit Commission's rules permit and monitoring the effectiveness of auditor's performance
- (h) Approving the internal and external audit plans
- (i) Reviewing Internal Audit work on a quarterly basis; internal and external annual reports together with any management response and receiving details of specific significant issues highlighted via audit work and referring to the Executive Scrutiny Committee; the Select Committees; the Standards Committee; Cabinet or Council, as appropriate, any issues arising which are key in nature
- (j) In conjunction with the Standards Committee, maintaining an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour, and considering the Council's compliance with its own and other published standards and controls
- (k) Considering details of key ethical and wider corporate governance issues submitted by the Standards Committee.

The report covered the period from 1st October 2008 to 30th September 2009. As many other reports gave opinions or results at the end of the financial year, the timing of the report was to show that the review/ appraisal of the control environment within this Council were on-going.

Although a new Audit Committee was in its second year of operation, there had been a sufficient number of members who had been Members of both Committees to ensure a continuance of the review/ appraisal process across the period of reporting.

The opinions of the Audit Committee expressed in the report were based on information supplied by the following specialist risk assessment services:-

- The Council's Monitoring officer,
- The Chief Accountant,
- The External and Internal Audit services,
- Health & Safety, and
- Risk Management and Insurance.
- A number of Corporate Governance reports.

The main thrust of all the specialist reports was to ensure risks were identified, managed appropriately and the resulting control environment was reliable. In receiving and challenging these reports the Audit Committee was well placed to form an independent over-view of the complete control environment.

The carry over of membership of the Committee from the previous Municipal Year was sufficient to ensure work in progress was continued. To avoid the unsatisfactory possibility that Audit Committee members be required to report on a year of which they had no personal knowledge or experience (and therefore be reliant on the Officers upon whom they are supposed to exercise oversight), the previous Chair suggested that the Committee's report covered the work on the Authority's control environment for the year ending 30th September.

The members of the Committee had shown a strong commitment to the work for which they had been given responsibility and all meetings had been quorate despite the long term illness of one valued member. The members had studied agendas and asked searching questions of officers not only presenting reports but also those whose attendance was requested from other departments.

The Committee was fortunate insofar as the make up of the Audit Committee membership was diverse not only geographically but also in experience and expertise. Members represented not only the North and South of the Borough but also the major conurbations and communities giving a broad spectrum of geographical and electoral knowledge.

This overview coupled with long serving members with experience of Cabinet and Charing Scrutiny Committees and Members elected more recently indicated a searching and enquiring membership with a varied and extensive knowledge capable of ensuring sound and ethical governance.

Members examined, challenged and approved the Annual accounts and noted the adjustments therein particularly to the value of the property portfolio of Council housing stock. Members were reminded that the Committee had expressed a number of concerns in connection with the Council's external borrowing during the "Credit Crunch" and Icelandic Bank Collapse and closely examined the methodology of using various financial institutions to minimise risk. The workload was increased this year with the introduction of the new Strategies for Treasury Management and Internal Audit along with the Anti fraud Strategy which required the Committee to examine and query and following lengthy discussion were approved

The Committee was provided with details and discussed relevant avenues of borrowing potential agreements and Members were satisfied that they did provide the Council, and its Committees, with sufficient safeguards and long term prudent financial planning.

Members also looked in greater detail at the reports submitted by the Health and Safety officer with regard to staff illness and injury and training and procedures for the prevention and monitoring of occurrences

As well as looking at the Internal Audit Report, Corporate Risk Register and the Health and Safety Report at each meeting the Committee had, and would continue to include in its deliberations and debates External Audit Updates, The Audit Commission Annual Governance Report 2008/09, The Annual Governance Statement, Constitutional Updates (as required), The Annual Report of Standards Committee and The Monitoring Officer's Report. And last

but certainly not least The Role of Internal Audit.

In conclusion the following extract was added from the detailed use of resources report.

"The Council has a sound, effective system of internal control. The Audit Committee is well established with comprehensive terms of reference with a mixture of experienced and newer members who are objective, independent and knowledgeable. The Audit Committee has responsibility for risk management, internal control and financial reporting. The Chair of the Audit Committee prepares an annual report on the Committee's work for presentation to Cabinet."

The Chairman on behalf of the Committee thanked all of the Officers that had been involved in the governance of the Council.

RECOMMENDED to Council that it consider and note the Audit Committee's Annual Report for the year ended 30th September 2009.