

# Audit Committee

**Thursday, 17 January 2008**

**Present:** Councillor Anthony Gee (Chair) and Councillors Alan Cain, Mike Devaney, Keith Iddon and Shaun Smith

**Officers Present:** Gary Hall (Assistant Chief Executive (Business Transformation)), Andrew Docherty (Corporate Director of Governance), Garry Barclay (Audit and Risk Manager), Andy Armstrong (Assistant Audit Manager) and Dianne Scambler (Trainee Democratic Services Officer)

**Also in attendance:** Tony Hough (Audit Commission)

## **08.AU.01 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Mary Wilson and Mr Mike Thomas (Audit Commission)

## **08.AU.02 MINUTES**

**RESOLVED – That the minutes of the meeting of the Audit Committee held on 27 September 2007 be confirmed as a true record for signing by the Chair.**

## **08.AU.03 DECLARATIONS OF ANY INTERESTS**

No declarations of interest were declared.

## **08.AU.04 USE OF RESOURCES**

The Audit Commission submitted a report on the Annual Use of Resources Assessment which evaluates how well councils manage and use their financial resources.

This was the third year that the assessment had been carried out and the assessment had been based on the key lines of enquiry for 2007. These included new requirements for council's as part of the approach to phasing in those elements that need more lead in time and to supporting improvement by gradually raising the standard of assessment. The period assessed for 2007 had also been brought into line with the 2006/07 financial year.

The assessment focused on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services covering five main themes:

- Financial reporting
- Financial management
- Financial standing
- Internal control
- Value for money

The Council had improved its score on four of the Key Lines of Enquiry (KLOEs) to obtain maximum scores and had once again scored a 4 on its value for money. The Chair on behalf of the Committee praised the Assistant Chief Executive (Business and Transformation) and his team in achieving this high score.

The Chair sought assurance about the Council's commitment to training the Members on Ethical Governance procedures.

The Corporate Director (Governance) outlined the arrangements that had been put into place to promote and ensure probity and propriety in the conduct of its business in line with KLOE 4.3.

The Council continued to demonstrate its commitment to improving arrangements for managing and using its resources, with arrangements in the following four areas now performing strongly:

- promoting external accountability;
- managing spending within available resources;
- managing its significant business risks; and
- managing and improving value for money.

**RESOLVED – That the report be noted.**

#### **08.AU.05 BEST VALUE PERFORMANCE PLAN (BVPP)**

The Audit Commission submitted a report on their audit of the Council's best value performance plan and concluded that they had formed a clear opinion and had no reservations or recommendations.

**RESOLVED – That the report be noted.**

#### **08.AU.06 DATA QUALITY**

The Audit Commission submitted a report giving details of a Data Quality Review of the Council. The Audit Commission carried out a three-stage approach to the audit of performance indicators for 2006/2007 that focused on the Authority's arrangements to ensure quality data comprising:

(i) Management arrangements

The Council's overall management arrangements for ensuring quality data had improved since the last review, most notably in terms of providing overall leadership and supporting officers in collating and compiling performance indicators.

(ii) Analytical review

The Audit Commission had concluded that all the Performance Indicator values reviewed fell within the expected ranges or could be substantiated by evidence.

(iii) Data quality spot checks

An in-depth review of a sample of specified Best Value Performance Indicators had been carried out based on an assessment of risk. The sample had been drawn from two key service areas: housing and environment.

An action plan had been agreed with the Council to address the issues arising from the review.

**RESOLVED – That the report be noted.**

#### **08.AU.07 ANNUAL GOVERNANCE STATEMENT - UPDATE**

The Assistant Chief Executive (Business Transformation) submitted a report to provide the Audit Committee with assurance that the necessary action had been taken

to address the “significant governance issues” published in the Annual Governance Statement (AGS), which had been identified in the most recent self-assessment of the Council’s corporate governance arrangements.

As well as the corporate level assessment, the Council had carried out self-assessments of directorate level compliance with important corporate systems and procedures and produced Directorate Assurance Statements.

Any actions that were needed to address the significant governance and control issues had been fed into the Business Improvement Plans of the Directorates concerned. These had been, or were nearing implementation.

**RESOLVED – That the report be noted.**

#### **08.AU.08 ANTI-FRAUD & CORRUPTION STRATEGY**

The Assistant Chief Executive (Business Transformation) submitted a revised version of the Anti-Fraud and Corruption Strategy. The Council had and is still continuing to develop a corporate governance framework that manages risk in order to minimise the incidence of fraud, corruption and other adverse events within the Authority and have looked at more proactive ways of identifying risk of fraud.

The Anti-Fraud Corruption Strategy established the Councils specific policies towards prevention, detection, notification and investigation of fraud and corruption and summarised the responsibilities of the Members, managers and officers.

The Corporate Director (Governance) commented that there had been more recent changes surrounding standards with reference to Members and that the Strategy would need amending to reflect this.

**RESOLVED – That the Strategy be amended to reflect the changes and brought back to a further meeting of this Committee for consideration.**

#### **08.AU.09 INTERIM REPORT ON INTERNAL AUDIT ACTIVITIES AS AT 30TH DECEMBER 2007**

The Assistant Chief Executive (Business Transformation) submitted an interim report of the work undertaken in respect of the Annual Internal Audit Plan during the third quarter of 2007/08 and provided details of other Internal Audit activities during the period.

An appendix to the report gave an assessment and rating of the adequacy of the controls for each of the systems examined by the Internal Audit section during the period.

The report highlighted a number of items of work that were being undertaken by the Internal Audit Service in a wide range of areas across the Authority that fell under the following headings:

- Corporate Governance
- Anti-fraud and Corruption
- Review of Financial Systems
- Review of Key Operations

The Assistant Chief Executive (Business Transformation) reported that the Audit Plan is firmly on course to be delivered.

**RESOLVED – That the report be noted.**

Chair