

Item 9n

SEDGEFIELD BOROUGH COUNCIL

AUDIT COMMITTEE

Conference Room 1,
Council Offices,
Spennymoor

Monday,
23 March 2009

Time: 5.30 p.m.

Present: Councillor D. Chaytor (Chairman) and
Councillors J.G. Huntington, Mrs. C. Potts and B. Stephens
B. Argyle – Co-opted Member

Apologies: Councillors T. Brimm and C. Nelson

AC.19/08 DECLARATIONS OF INTEREST
Members had no interests to declare.

AC.20/08 APPRECIATION
The Chairman thanked Councillor J.G. Huntington, Vice-Chairman for his support over the past two years.

He also expressed his appreciation of the support he had received from Paul Heppell and Ross Woodley from the Audit Commission and the work of Alan Smith, Director of Resources and his officers.

He then paid tribute to Brian Argyle for giving up his time to attend and participate at meetings.

AC.21/08 MINUTES
The Minutes of the meeting held on 24th September 2008 were confirmed as a correct record and signed by the Chairman.

AC.22/08 AUDIT AND INSPECTION LETTER 2007/08
Consideration was given to the above letter which included the latest assessment on the Council's performance under the Comprehensive Performance Assessment framework, including the Direction of Travel report and the results of any inspections carried out by the Audit Commission under Section 10 of the Local Government Act 1999. (For copy see file of Minutes)

Paul Heppell from the Audit Commission was in attendance to present the report.

The key messages arising from the Inspection were as follows:

- Value for money was generally good. Service standards and satisfaction levels were generally high and the Council had achieved its Gershon efficiency targets.

- The Audit Commission had given an unqualified opinion on the Council's Accounts for 2007/08 and an unqualified conclusion on its arrangements for securing economy, efficiency and effectiveness in its use of resources. For the purpose of the final Comprehensive Performance Assessment, the Council's use of resources arrangements had scored 3 out of 4 overall. Given that the assessment represented a harder test, incorporating some new requirements and in view of the additional challenges posed by impending Local Government Review, it was to the Council's credit that it had maintained its overall performance.
- The prospect of abolition through Local Government Re-organisation had not distracted the Council from maintaining and in some cases further improving already high quality services, focusing on its priorities whilst supporting workstreams for the new Council. It had continued to maintain its good performance, with 38% of Performance Indicators in the best 25% compared to 33% nationally. Some improvements had been made in processing planning applications, council tax collection and repairs and maintenance. However, the Council's sickness absence rates were high and would need to be kept under review by the new unitary Council to ensure costs were reduced and service standards maintained.
- Good progress has been made in major projects, including redeveloping Newton Aycliffe Town Centre and Spennymoor Leisure Centre and the training centre partnership with Bishop Auckland College was proceeding well. However, the existing economic climate was expected to have an adverse effect on the Council's ability to generate capital receipts and progress development schemes planned with private sector partners.
- Until recently the Council had retained its management team despite the uncertainty of Local Government Review, which had enabled it to support the new unitary Council through staff involvement in key workstreams.

Members welcomed the letter which was very positive and noted that it would be published on both the Audit Commission's and the Council's website.

RESOLVED : That the report be received and Council be informed of the Committee's findings.

AC.23/08

REVIEW OF HOUSING PARTNERSHIP ARRANGEMENT

Ross Woodley from the Audit Commission was in attendance to give details of the above review.

Members were reminded that Mears Ltd. had been appointed as the Council's strategic partner to undertake construction works from February 2008 to January 2013.

Officers of the Audit Commission had reviewed the tender documents and the partnership agreement to ensure that appropriate controls were in place. They had also met with appropriate officers to discuss the arrangements and had reviewed tenant satisfaction surveys.

Members were pleased to note that the Audit Commission had no issues for concern. All the proper processes had been followed. The contract would appear to offer value for money over the contract period and tenant satisfaction had been maintained.

RESOLVED: That the information be received.

AC.24/08

DRAFT INTERIM AUDIT REPORT- MARCH 2009

Consideration was given to the above draft report which summarised the results of the Audit Commission's interim review. (For copy see file of Minutes)

Ross Woodley from the Audit Commission presented the report.

The Audit Commission found that the Council's objective of ensuring business as usual right up to vesting day appeared to have been achieved. Controls were operating similarly to previous years, which was commendable given the significant level of vacancies that the Council had carried in its final year and the involvement of staff on Local Government Re-organisation projects. The Council had an effective control environment and strong budgetary control had delivered considerable assurance that the accounts would not be materially misstated.

Members' attention was drawn to the Action Plan detailed in Appendix 1.

RESOLVED: That the report be noted.

AC.25/08

ANNUAL GOVERNANCE STATEMENT 2008/09

Consideration was given to a report of the Director of Resources regarding the Council's Annual Governance Statement 2008/09 (For copy see file of Minutes).

It was reported that the Account and Audit Regulations 2003 and 2006 required the Council to ensure that its financial management arrangements were adequate and effective and that there was a sound system of internal control in place which facilitated the effective exercise of the Council's functions and included arrangements for the management of risk.

Members' attention was drawn to the Annual Governance Statement 2008/09 which had been attached at Appendix 1 to the report.

It was explained that in accordance with the CIPFA/SOLACE guide and best practice, the statement covered the following areas:

- The scope of responsibility
- The purpose of the governance framework
- The governance framework itself
- A review of its effectiveness
- Outstanding issues from previous statements
- Any significant governance issues

The document recognised the importance of having sound internal control and governance arrangements in place at the new Council during 2009/10 to improve the governance environment, in particular, in connection with some of the Council's Transition Plan projects and in dealing with ongoing issues involved in the re-organisation of local government in the County.

RESOLVED : That the Annual Governance Statement for 2008/09 detailed in Appendix 1 be approved and recommended for acceptance by Council.

AC.26/08 INTERNAL AUDIT SERVICE - ANNUAL REPORT 2008 - 09 TO 1ST MARCH 2009

Consideration was given to a report of the Director of Resources which provided performance information for the first eleven months of the financial year, with details of specific areas of work undertaken in the latter part of the year. (For copy see file of Minutes)

The report had been prepared in accordance with the standards defined in the CIPFA Code of Practice for Internal Audit in Local Government 2006.

Members were reminded that the Internal Audit Plan had been approved by Audit Committee at its meeting on 15th April 2008. The plan had scheduled a total of 808 days for the full year. Actual audit work due to be carried out up to week ending 1st March 2009, totalled 559 days, resulting in a shortfall of 249 days less than planned. The reason for the shortfall was that the Section had been operating with staffing vacancies during the year. As a consequence, audit work had been prioritised during the year, with greater emphasis given to areas of higher risk to ensure that internal audit was able to complete work in those areas and provide a sufficient opinion on the inadequacy of the control environment, with particular emphasis given to the completion of core financial systems work.

Thirty two formal audit reports had been issued during the period of which 21 reports contained recommendations that required implementation by the client department.

RESOLVED : That the content of the Internal Audit Annual Report 2008 - 09 to 1st March 2009 be noted.

AC.27/08 CLOSING REMARKS

Paul Heppell from the Audit Commission paid tribute to the Council's positive and constructive approach to audit and inspection work and thanked officers and Members for their support and cooperation.

Councillor Mrs. C. Potts thanked the Chairman and officers for their work.

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Mrs. Gillian Garrigan Spennymoor 816166 Ext 4240 ggarrigan@sedgefield.gov.uk

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