

REPLACEMENT AGENDA

AUDIT COMMITTEE AGENDA



Thursday 4th October 2007

at 10.00am

in the Red Room, Avondale Centre,
Dyke House, Hartlepool
(Raby Road entrance)

MEMBERS: AUDIT COMMITTEE:

Councillors: Hall, G Lilley, Preece, Wallace and Wistow

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
 - 3.1 To confirm the minutes of the meeting held on 10th July 2007 (*attached*)
4. **ITEMS FOR DISCUSSION / DECISION**
 - 4.1 Internal Audit Plan 2007/08 Update – *Head of Audit and Governance*
 - 4.2 Review and Approval of Council Accounts – *Chief Financial Officer*
5. **ANY OTHER ITEMS WHICH THE CHAIR CONSIDERS ARE URGENT**

AUDIT COMMITTEE

MINUTES AND DECISION RECORD

10 July 2007

The meeting commenced at 10.00 a.m at Belle Vue Community, Sports and Youth Centre, Kendal Road, Hartlepool

Present:

Councillors Arthur Preece (in the Chair)

Councillor Gerard Hall and Geoff Lilley

Also Present :In accordance with Paragraph 4.2 (ii) of the Council's Procedure Rules, Councillor Sheila Griffin as substitute for Councillor Gerald Wistow

Officers: Noel Adamson, Head of Audit and Governance
Denise Wimpenny, Principal Democratic Services Officer

1. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Steve Wallace and Gerald Wistow.

2. Declarations of interest by members

None

3. Confirmation of the minutes of the meeting held on 17 May 2007

Agreed

4. Audit Commission Report – Audit and Inspection Plan 2007/08 *(Chief Financial Officer)*

Purpose of report

To present the Audit Commission's Report Audit and Inspection Plan 2007/08.

Issue(s) for consideration by the Committee

The Head of Audit and Governance presented the Audit Commission's Report Audit and Inspection Plan 2007/08 on behalf of Caroline Tyrell, Audit Manager who had submitted her apologies for the meeting. The Plan, attached as Appendix 1, outlined the work the Audit Commission would undertake in relation to the following areas:-

- CPA and Inspection
- Work under the Audit Code of Practice
- Assessing Risks
- Work specified by the Audit Commission
- Voluntary Improvement Work
- Certification of Grant Claims and Returns

The report also included details of the audit and inspection fee.

Discussion ensued in which the following issues were raised:-

- What did the external financial reporting involve? The Head of Audit and Governance advised that the Audit Commission would give their opinion on whether the Council's final accounts were a true and fair view of the Council's financial position.
- Audit and Inspection Fee – Why was the audit and inspection fee higher last year than the fee predicted for this year? Members were advised that the Audit Commission's focus of work had changed. Arrangements would be made for Caroline Tyrell to provide a detailed breakdown of the fee.
- What was the impact of risk on the financial statements? It was reported that changes to recommended practice issued by the Chartered Institute of Professional Financial Accountants (CIPFA) affected how the Council presented its accounts. The treatment of fixed assets being an example of this. External Audit would ensure that those requirements were met.
- Reference was made to the risk of not having a formal medium term financial strategy could lead to poor financial management. Had any progress on adopting a formal medium term financial strategy been made? The Head of Audit and Governance stated that this was recommended by the Audit Commission in their Annual Audit and Inspection Letter and the Chief Financial Officer was in the process of implementing.

Decision

That the contents of the Audit Commission's report and the comments of the Committee, be noted.

5. Internal Audit Plan 2007/08 Update *(Head of Audit of Governance)*

Purpose of report

To inform members of the progress made to date in completing the internal audit plan for 2006/07.

Issue(s) for consideration by the Committee

The Head of Audit and Governance highlighted that in order to ensure that the Audit Committee met its remit, it was important that it was kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allowed the Committee to form an opinion on the controls in operation within the Council. This in turn allowed members of the committee to fully review the Statement on Internal Control, which would be presented to a future meeting of the Committee, and after review, would form part of the statement of accounts of the Council. Appendix A of the report detailed the pieces of work that had been completed and Appendix B detailed the audits that were ongoing at the time of compiling the report.

In order to comply with the requirement that all secondary schools met the relevant criteria as outlined in the Financial Management Standard in Schools (FMSiS) award, Internal Audit had also been providing support and advice to the schools based on the audits that had previously been carried out in the secondary schools. The work completed and currently ongoing was in line with expectations at this time of year, and audit coverage to date had allowed the Audit Commission to place reliance on the scope and quality of work completed when meeting their requirements under the Audit Code of Practice.

Discussion ensued in relation to sickness monitoring procedures. Members questioned if any audits were undertaken in relation to sickness monitoring, whether this was within the remit of the Audit Committee and how the Council compared to other authorities of a similar type. The Head of Audit and Governance indicated that the focus of Internal Audit had changed with particular emphasis on corporate governance arrangements. Performance management arrangements were monitored and sickness monitoring procedures could be explored as part of those arrangements.

In relation to the recommendations made by Internal Audit regarding the administration and management of the direct payments system, a Member pointed out the potential implications of staggering direct payments and the importance of monitoring the effectiveness of the service. The Head of Audit and Governance acknowledged that this was a high risk area due to the nature of the way the service was provided and pointed out that Internal Audit would not make a judgement on what direct payments were used for as this was outside their remit and area of expertise. However, arrangements would be made to ensure the relevant controls were in place to communicate responsibilities to service users.

Recommendation

That the contents of the report and comments of the Committee, be noted.

APREECE

CHAIRMAN

AUDIT COMMITTEE

4th October 2007



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2007/08 UPDATE

1. PURPOSE OF REPORT

To inform Members of the progress made to date completing the internal audit plan for 2007/08.

2. SUMMARY OF CONTENTS

At the Audit Committee meeting of 25.10.05 it was agreed that the Head of Audit and Governance would update the Committee on a quarterly basis as to the progress made against the audit plan. This allows members of the Committee to form an opinion as to the robustness of the system of controls in place at the Council and thus fulfil part of the Committee's remit.

3. RELEVANCE TO PORTFOLIO MEMBER

N/A

4. TYPE OF DECISION

Non-key decision.

5. DECISION MAKING ROUTE

Audit Committee tasked with considering adequacy of audit coverage.

6. DECISION(S) REQUIRED

Members note the contents of this Report.

Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2007/08 UPDATE

1. PURPOSE OF REPORT

- 1.1 To inform Members of the progress made to date completing the internal audit plan for 2006/07.

2. BACKGROUND

- 2.1 In order to ensure that the Audit Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the members of the Committee to form an opinion on the controls in operation within the Council. This in turn allows members of the committee to fully review the Statement on Internal Control, which will be presented to a future meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

3. AUDITS COMPLETED AND IN PROGRESS

- 3.1 Appendix A of the report details the pieces of work that have been completed.
- 3.2 As well as completing the afore mentioned audits, Internal Audit staff have been involved with the following working groups:
- ISO 17799 Group.
 - Procurement Working Group.
 - Corporate Risk Management Group.
 - Use of Resources assessment.

In order to comply with the requirement that 40% of all primary schools meet the relevant criteria as outlined in the Financial Management Standard in Schools (FMSiS) award by March 2008, Internal Audit have undertaken more comprehensive audit coverage in order to provide support and advice to the schools in order that they can be assessed successfully.

- 3.3 Appendix B details the audits that were ongoing at the time of compiling the report.

4 AUDIT PLAN PROGRESS

- 4.1 The work completed and currently ongoing is in line with expectations at this time of year, and audit coverage to date has allowed the Audit Commission to place reliance on the scope and quality of work completed when meeting their requirements under the Audit Code of Practice.

5 RECOMMENDATION

- 5.1 It is recommended that Members note the contents of the report.

Appendix A

Audit	Objectives	Recommendations	Agreed
Car Parks Income	To determine whether regular reviews of the charges are completed ensuring the Authority does not suffer loss of revenue. Where revenue is being generated through non-staff car parks that adequate procedures, policies and security measures have been implemented to protect the Authority from any potential misappropriation, vandalism or fraudulent activity. Costs of the administration, collection and recovery of funds are taken into account before beginning the recovery process for parking fines. Adequate and regular review of income is carried out to monitor budget and reveal possible fraudulent activity. Relevant and up to date procedures exist for the maintenance of the Authority's Staff Parking Scheme.	<ul style="list-style-type: none"> - Review of the Salary Deduction Report is performed more thoroughly to ensure staff members being charged incorrectly are being identified. - The Salary Deduction Report is sent to Car Parks in Excel format to enable a quicker review to be undertaken. The report should also be updated to include all the data necessary for the review to take place. - A review is undertaken of the Public Permit Charges as they are considerably below charges of neighbouring authorities and are reviewed on a regular basis. - More in-depth procedures are drawn up for the Staff parking scheme and placed on the Council's intranet site to enable further understanding. - Staff Parking spaces are reallocated in a timelier manner in the event of a member of staff leaving the Council. The Car Parking Department should be informed on a timelier basis when employees leave the Council. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Contracts and Commissioning	To ensure the service is required and is provided in the most appropriate manner, contracts are awarded in line with Financial Procedures / Contract Procedure Rules, adequate procedures are in place to monitor contractor performance and ensure compliance with contract conditions/legislative requirements and that accurate and timely payments are made in line with contract conditions.	<ul style="list-style-type: none"> - Alternative methods and providers of services should be considered prior to extending contracts through the Director's delegated powers. - Arrangements should be in place to ensure that Service providers not subject to internal monitoring visits provide evidence that employees have received appropriate clearances. 	<p>Y</p> <p>Y</p>
Building Control Income	The Authority provides a building control service in line with statutory obligations, the Authority's policies & procedures comply with relevant legislation/guidance, complete, accurate and reliable evidence is retained and processed in support of planning and building applications, income received is correctly recorded and paid into the Authority's bank account in a timely manner and cash and documents with a financial/confidential value are held securely and in compliance	<ul style="list-style-type: none"> - Application should be processed with deadlines or an extension be granted. - Staff should be required to sign a conflict of interest form which details their responsibilities to be fair and not allow prejudice or bias to override objectivity, declare any interests, not accept any gifts, inducements or other benefits and use all reasonable care in the performance of their duties. - Invoice reports should be run without date ranges to ensure that all inspection fees due are identified. - Random checks of inspections should be carried out by an independent officer. - Processed applications for demolition 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

	with any relevant legislation e.g. Data Protection.	should be countersigned by a second officer to verify that all areas of the Building Act 1984 have been complied with once the application has been processed. - In order to ensure that contraventions are treated consistently a written policy should be established which details how contraventions should be dealt with.	Y
VAT	Examine and evaluate the systems and procedures in place to administer the council's procedures for dealing with VAT.	- New procedures are designed and implemented which introduce the new process for Integra. - The VAT advice document is brought up to date to reflect changes in guidelines. - A year-end reconciliation is performed to ensure Returns can be substantiated.	Y Y Y
Debtors	To ensure the responsibility for raising sundry debtor accounts is clearly defined, the debtors system is operated with due regard to economy and effectiveness, debtor's accounts are promptly and correctly raised in respect of all miscellaneous and service charges due to the authority, amounts due are credited to the correct income accounts, administrative procedures ensure that debtor's accounts are dispatched promptly and are followed up when no payment has been received, all write-offs of amounts due from debtors are properly authorised, debtors payments received are processed promptly and are correctly posted to the debtors accounts and correct recording of outstanding sums due in the annual accounts.	- A minimum level is identified for the raising of invoices. - A separate user group for the Integra Support team is created which does not allow users to create, amend, cancel and write off debtor invoices. Alternatively, an independent officer checks the amendments made by those on the Team for irregularities. - Sundry Debtor collection rate should be reported to cabinet. Write offs should also be reported each time a report is issued regarding Debtors. - Recovery rates should be compared to other Authorities in the region to gain a better insight into performance. Recovery Targets are set for the Council following benchmarking with other local Councils. - Account details are extrapolated and duplicate accounts are investigated. Reports are created which can be run in timely manner to highlight duplicate accounts. - Follow up on an account which is suppressed should be performed in a timely manner.	Y Y Y Y Y Y
BVPI LAA HC15, 16	Systems are in place to provide information that is sound and that the final information used is accurate.	- Calculation be performed correctly and independently verified as accurate. - The section develops electronic means of recording and retrieving data.	Y Y
BVPI 215a, b	Systems are in place to provide information that is sound and that the final information used is accurate.	- In order to comply with the BVPI definition, the BVPI calculation should include emergency jobs and multiple numbers of lights where appropriate. - Adequate backing documentation should be in place to support calculation. - Controls should be in place to check the accuracy of calculations and ensure that jobs recorded are valid as per the definition of the BVPI. - The section may consider undertaking	Y Y Y Y

		calculations electronically for BVPI 215a e.g. excel.	
Ward Jackson Primary School	Ensure school financial and governance arrangements are in line with best practice.	- Improvement Plan should be extended to cover 3 years. Costs identified should be linked to specific funding streams/budget codes.	Y
		- That a forecasting package is used to examine the potential impact that reduced funding (falling pupil numbers) would have on the school budget.	Y
		- That a timetable of key events in relation to budget setting and monitoring is put in place.	Y
		- That steps are taken to formally identify and record arrangements for the schools reserves.	Y
		- That the Head Teacher provides full financial reports (SIMS budget report) to support the commentary.	Y
		- Ensure that committee and SMT minutes clearly state for financial matters the action that is to be taken and who the responsible person is and that this is followed up at the next meeting. The minutes for SMT meetings should also be distributed to all members. There should be procedures in place to ensure that the information is disseminated to all relevant parties.	Y
		- That HBC's Internet and email policy is adopted and staff sign relevant declarations.	Y
		- That written instructions, forbidding the use of unauthorised software are distributed to all staff.	Y
		- That Data Protection Act registration is renewed.	Y
		- The Constitution for the General Fund is updated to take into account the new Head Teacher.	Y
		- A new authorised signatories list is completed and sent to Yorkshire Bank for implementation.	Y
		- FM5 forms are retained for all students in receipt of Free School Meals. Regular reviews are undertaken to ensure presence of forms.	Y
		- Letters are sent to parents/guardians when monies are owed to the school.	Y
		- Charges are not added to Integra until they have been authorised by the Head Teacher and controls are put in place to record checks carried out on these transactions.	Y
		- That recruitment training is obtained.	Y
		- That the clerk/head use signing in records to verify that timesheets are correct.	Y
		- Income is identified in spreadsheets rather than class books and these are	

		<p>totalled on a weekly basis for reconciliation to banking.</p> <ul style="list-style-type: none"> - Relevant staff are made aware of the limits of insurance and ensure that these are adhered to at all times. - A Best Value Statement is created and implemented. - That CIS certificates are obtained. - That the clerk is not a member of the committee. - That a Statement of Internal Control is drawn up in line with guidance issued. - That a Whistleblowing policy is formally adopted and distributed to all staff/governors. - That a competencies matrix is completed for all governors on the Resources committee and the chair of the board of governors. - That the Heads job description is provided. - That the information regarding the staffing restructure is found. - That staff carry out a self evaluation of financial competencies and that this is linked to performance development and identifying training needs. - That a benchmarking exercise is carried out for the school in line with the requirements of the standard and that the results are reported to Governors. - That detailed Financial Procedures for the school are drawn up and approved by governors. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Officers Expenses	<p>To ensure the systems and procedures in place for the checking, authorisation and payment of cheque requisitions and claim forms for rail fares, courses and conference fees and subsistence are carried out in accordance with the Council's reimbursement scheme.</p> <p>To ensure that there is complete, accurate and reliable evidence to support the payment of car allowance and all employees using vehicles on council business are adequately insured.</p>	None.	
Greatham C of E Primary School	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - School Improvement Plan to be extended to cover 3 years to show the link between the SIP and 3 year budget. - Make arrangements to ensure that Neighbourhood Services transfer payments including school meals are authorised by the Head Teacher and documentary evidence retained. - Contract Information module in SIMS to be updated to ensure that the annual 	<p>Y</p> <p>Y</p> <p>Y</p>

		<p>salary amounts recorded are correct.</p> <ul style="list-style-type: none"> - Checks should be made to ensure that all contractors employed to work within the school are registered for the Construction Industry Scheme (CIS) and hold £5M Public Liability Insurance. - Committee minutes should include Action Points so that agreed actions can be assigned to an individual and actions can be followed up at the next meeting. - The outstanding Governor Interest Form should be obtained as soon as possible. - A Statement on Internal Control (SIC) should be prepared and approved by the Headteacher, Chair of the Governing Body and Chair of the General Purposes Committee. - The Whistle Blowing Policy should be formally communicated to staff and Governors. - Carry out a self evaluation of Governor competencies in line with FMSiS guidance. - Headteacher's Job description to be located. - A self evaluation of staff financial management competencies should be carried out by the Headteacher and School Secretary. For staff with financial management responsibilities ensure that their performance management targets include relevant financial management targets. Relevant staff are given the opportunity to attend financial management training courses particularly to address any gaps in their competences. - The school should carry out a benchmarking exercise using the DFES Teachernet benchmarking website to evaluate performance against similar schools. - The school should ensure it has a copy of the Local Authority "Scheme for Financing Schools" and that these regulations are made available to staff with financial management responsibilities and also provided to Governors. - Up to date, documented financial procedures should be developed, that are tailored to the school's needs. These should be approved by governors, be made available to the necessary staff, and should be regularly reviewed and updated as necessary. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Havelock Day Centre	Ensure that the system controls provide reasonable assurance to management that all income is	- Ensure the inventory list is kept up to date.	Y

	recorded, accounted for and promptly paid into the Councils bank account. Ensure that all expenditure is appropriately authorised and accounted for, and all assets including cash are securely held.		
Development Control Income	The Authority provides a development control service in line with statutory obligations, the Authority's policies & procedures comply with relevant legislation/guidance, complete, accurate and reliable evidence is retained and processed in support of planning and building applications, income received is correctly recorded and paid into the Authority's bank account in a timely manner and cash and documents with a financial/confidential value are held securely and in compliance with any relevant legislation e.g. Data Protection.	- Staff should be required to sign a conflict of interest form which details their responsibilities to be fair and not allow prejudice or bias to override objectivity, declare any interests and not accept any gifts, inducements or other benefits.	Y
Eldon Grove Primary School	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - School improvement plan should be based upon 3 to 4 years instead of annual in order to comply with DfES guidance. A medium term budget which reflects the School Improvement Plan should be in place. - Copies of budget monitoring statements presented to Governors should be retained, in order to provide evidence that information presented is accurate and complete. - Evidence that policy decisions made by the Governing Body and Senior Management are communicated to staff should be retained. - All staff should complete a Data Protection Form of Undertaking. - Data backed up onto disks should be stored in a suitable location, away from the main server and should not be taken to the homes of school staff. - Examination of financial statements for private funds should not be undertaken by cheque signatory or person responsible for administering the fund. Annual accounts should be presented to the Governing Body. - Debts exceeding £20 should be referred to the LEA in order that recovery action can be taken. - Documentation demonstrating the criteria met against the person specifications of candidates should be retained for all recruitment and selection exercises. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

		<ul style="list-style-type: none"> - Evidence that bi-monthly checks on the accuracy and validity of salary payments should be retained. - In order to avoid insurance limits being exceeded, the school should consider purchasing a safe. - Official orders should be raised and committed to SIMS for all appropriate purchases of goods and services. - Evidence that goods have been received should be passed to authorising officers when passed for payment. Such evidence should be retained. - Checks should be made to ensure that all contractors employed to work within the school are registered for CIS and hold £5M Public Liability Insurance. - Records of contract evaluation and decision to award should be signed by officers involved in the process and retained. - Checks to verify the completeness / accuracy of inventories should be undertaken by an independent person at least annually. The inventory should be updated accordingly. - The clerk to Governing Body Committees should be independent of its membership. - The School should undertake an exercise to complete the SIC. Guidance is available on FMSiS website. - The Governing Body should adopt the HBC Whistleblowing Policy and ensure that it is communicated to all staff. - As well as identifying individual training needs, Members of the Governing Body (and in particular Finance) should evaluate their strengths in order that the school may utilise these competencies. - Formal performance measures should be identified for the finance function and monitored on a regular basis. - In order to promote continuous improvement the school should undertake benchmarking exercises with comparable schools in order to identify areas of best practice. - The Governing Body should formally adopt HBC Financial Regulations. - The school should develop detailed local procedures for the finance function and ensure that they are approved by the Governing Body. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Milk Grant	To ensure that adequate arrangements are in place for the Council to receive grants for milk supplied to school children.	<ul style="list-style-type: none"> - Cooks returns are signed by the cook before being sent to Finance. 	Y

Assisted Car Purchase Scheme	Ensure that Financial assistance to purchase a car is provided to authorised car users in line with NJC Conditions of Service and Council Policy, Financial procedure rules are adhered to for the payment of loans.	None	
Meals on Wheels	Ensure that meals are provided to eligible service users in accordance with statutory requirements and Council Policy. A formal tendering process was carried out and the service is monitored on a regular basis. That there are adequate arrangements in place to properly record eligibility, service delivery and any charges arising. There are adequate arrangements in place to ensure the safety of service users and secure any cash, stationery or information having value.	<ul style="list-style-type: none"> - Records of assessments undertaken should be held in a secure manner. - Annual reviews should include evidence that contractor's employers are cleared for CRB as required by contract terms and conditions. - That checks are made against the invoices to ensure the number of meals provided is correct and all service users receive meals that they are entitled to. 	<p>Y</p> <p>Y</p> <p>Y</p>
Grange Primary School	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - A medium term plan be developed which incorporates future predicted resources based upon pupil numbers, estimated staff costs etc for 3 future years. - That a breakdown of reserves and their future usage is provided. - Ensure that all Governing Body, Resources and Senior Management team / committee minutes clearly state what action is to be taken and who the responsible person is and that this is followed up at the next meeting. - That a constitution is put in place for the schools private fund. - That consideration is given to registering the Private Fund as a charity in accordance with Charity Commission guidelines. - That all transfers from the school budget are authorised and documentary evidence retained. - That finance experience/qualifications are listed as essential criteria for the School Administrator post. - That staff and governors involved in interviewing potential employees are appropriately trained. - Errors within school salaries are corrected. - That the school pay particular attention to actual salary payments being made in comparison to contract information. - Stock records are kept for uniforms and a termly check carried out to income received. - Charges are reviewed for lettings. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

		<ul style="list-style-type: none"> - Handover procedures are introduced and signatures obtained to state these have been followed. Balances for the breakfast club income are carried forward each week and these are monitored independently of those collecting the income. - That an official HBC receipt book is obtained and used. - Official orders should be raised for the purchase of all goods/services and committed to ensure budgetary control. - That CIS certificates are obtained. - That a Best Value Statement is produced. - That a statement on Internal Control is drawn up in line with the guidance issued. - That the Whistleblowing Policy is distributed to all staff and governors. - That a Governors competencies matrix is completed in line with the financial Management Standard. - That staff carry out a self evaluation of financial competencies and that this is linked to performance development and identifying training needs. - That benchmarking exercises are carried out with comparator schools on a regular basis and the results are communicated to governors. - That the Financial Management Policy be extended to include income and that Governors approval of the document is obtained. Specific procedures are drawn up for the day to day activities carried out such as raising of orders and the collection of income. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Pensions, Allowances and Clients Property	Ensure that all correct pensions and allowances for Service User's are paid into their personal bank accounts; payments made on behalf of Service User's are authorised and correct; Service Users bank account transactions are properly recorded and supported by documentary evidence; Service Users property is secure and recorded; and all Council and statutory requirements are complied with.	<ul style="list-style-type: none"> - Regular stock checks should be carried out annually and documentation should be kept. - Regular reviews of the savings accounts on the market to ensure that the best interest rates are achieved, and documentation for quotations are retained. 	<p>Y</p> <p>Y</p>

Appendix B

Audit	Objectives
School Catering Recharges	To ensure Contract Procedure Rules and Financial Procedure Rules are adhered to in arranging contracts, processing creditor payments and payroll documents and the collection of income. The Department efficiently and effectively controls the systems in place for the provision of the School Meals Service. Stocks and income are securely held and accounted for.
Health and Safety	To ensure an effective H&S Policy agreed by Members is in place, which sets a clear direction for the organisation to follow. The policy should express best practice and comply with legal standards and guidance issued by the HSC/E. An effective management structure is in place with adequate arrangements for delivering the policy across the authority.
Licensing	Ensure policies & procedures comply with relevant legislation/guidance. Income received is correctly recorded and paid into the Authority's bank account in a timely manner.
BVPI LAA JE 19, 20, 21	Systems are in place to provide information that is sound and that the final information used is accurate
Disabled Discrimination Act	To ensure the HBC approach to implementing DDA is documented, complies with legislation/guidance, follows best practice and has been agreed by the Executive/Management Board. Executive Members and Senior Managers within Directorate are actively involved in the process as well as operational managers delivering services on the ground. A consistent methodology is used to identify services/access rights etc that do not comply with DDA. Areas of non-compliance are reported to management and acted upon as appropriate. Key staff/members receive adequate training/guidance to enable them to discharge their duties in an efficient manner. Appropriate mechanisms are in place to monitor progress against DDA compliance. Risks associated with non-compliance are identified and entered onto the Risk register. The implications of key decisions made by portfolio holder/executive are raised at the time the decision is made.
Community Transport	Any tendering arrangements for contracts with external providers have been made in accordance with the Authority's Contract and Financial Procedure Rules, there are adequate arrangements in place to appropriately assess and register all of the service users, there are adequate procedures in place for the collection, handling and banking of income, adequate monitoring procedures are in place, any statutory obligations have been met.
Stores	Ensure that systems in place for storing, issuing, ordering and managing stock items are effectively and efficiently controlled.
BVPI 216a,b	Systems are in place to provide information that is sound and that the final information used is accurate
Budgetary Control	To ensure the responsibilities of management for the setting and control of budgets are formally defined; budgets are set in accordance with pre-determined policy objectives and documentary evidence supports the approval of budgets; budgets are prepared in accordance with the budget timetable; all relevant records are updated with the amount of budget set; budgets are properly controlled through effective monitoring arrangements in accordance with Financial Regulations; variances are identified promptly, reported and acted upon.
Redundancies	To ensure there are arrangements in place to ensure that statutory regulations and legislation are being adhered to. There is a Policy in place for Early retirement/Redundancy and this has been communicated to all employees. There are Procedure/Guidance Notes and training in place for HR staff to ensure that the Policy is complied with. There is an effective division of duties in place ensuring that all cases are reviewed and calculations checked prior to payment. The appropriate authority is received from all parties prior to a decision being made. There are effective budgetary control procedures in place.

Tourism	To ensure that Health & Safety legislation is complied with at all times, the Tourism Strategy for Hartlepool is fully implemented to allow Hartlepool to realise its potential, all buildings are made accessible for people with disabilities as per legislation, only suitably trained, qualified and vetted staff are permitted to work at attractions/events/exhibitions, the full potential of tourism income is realised to the Authority, over booking or facility withdrawal is minimised, the Authority's Financial & Contract Procedure Rules and Procurement Strategy are complied with for all purchases of goods/services.
Stranton Primary School	Ensure school financial and governance arrangements are in line with best practice.
Insurances	Ensure a comprehensive risk management approach has been adopted by the Council to ensure adequate provision has been provided to cover any unexpected loss or expenditure. Statutory requirements have been met where applicable. Information held is complete, accurate and reliable. Resources are used in the most effective and efficient manner. All income, expenditure and reserve accounts can be fully accounted for
DPA/FoI	Ensure representatives of the Council are aware of the implications and their responsibilities under the Act. Systems in use at the Council are operating effectively within the constraints of the Act. Procedures are kept up to date and staff are made aware of changes in policies and procedures. Ensure regular checks are performed to ensure compliance with the Act.
Carlton Centre	To test and evaluate the efficiency and effectiveness of the systems, and controls used to achieve the Centre's planned objectives.
Barnard Grove Primary	Ensure school financial and governance arrangements are in line with best practice.
Throston Primary	Ensure school financial and governance arrangements are in line with best practice.
Central Land Charges	Ensure that Land Charges requests are processed correctly and promptly, income due is fully accounted for and data is securely held.
Sacred Heart Primary School	Ensure school financial and governance arrangements are in line with best practice.
St Begas Primary School	Ensure school financial and governance arrangements are in line with best practice.
Asset Register/Capital Accounting	To ensure that all existing assets are identified and correctly recorded in the register; There is effective management of assets; Assets are correctly valued; All additions, deletions and amendments to the fixed asset register are completely and accurately recorded; Capital charges are correctly calculated and recorded in the accounts.
Middleton Grange/ Industrial Estate Income	Ensure there is a clear charging policy in place, which maximises income for the Council whilst providing for new/ small businesses. The policy is reviewed on a regular basis and any agreed amendments to charges are implemented; Units are let in a transparent and fair manner; Budget working papers are realistic, referenced to trend analysis and actual achievement against budget. Income received is monitored against projected budget to enable prompt identification of variances; All income due to the Council is received in full and correctly processed; Adequate debt monitoring / recovery arrangements are in place; The Council complies with Health and Safety legislation.
Trading Standards	Ensure HBC Trading Standards Service provides a service for Hartlepool in line with statutory obligations and Council Policy. Clear guidelines are in place to ensure a consistent standard of service; The service enforces all legislation set by central government in order to provide a fair trading environment for consumers and traders and to provide a customer friendly consumer advice & conciliation service for residents and businesses; The service has developed mutually beneficial partnership with other bodies in order to share intelligence and information designed to increase the benefit of fair markets and consumer protection. Liaison with other bodies prevents duplication of work and overlapping activities. Effective management information systems are in place to ensure all areas of illegal activity are identified. Procedures are in place to ensure that evidence gathered is reliable, complete and accurate and can withstand challenge in legal proceedings; Assets are held / disposed of securely and adequate performance measures are in place to monitor the efficiency and effectiveness of the service.
West Park Primary School	Ensure school financial and governance arrangements are in line with best practice.

Members Code of Conduct	<p>Ensure all members of the council are aware of and comply with any legislation, National Code of Local Government Conduct and the Council's Procedure Rules relating to the disclosure of all pecuniary and other interests, including gifts and hospitality.</p> <p>There is an effective mechanism in place for dealing with the mediation and conciliation of complaints at a local level as required by the new ethical framework with adequate reporting lines to inform results to the Standards Board / Members.</p> <p>There are adequate arrangements in place to undertake self assessments of arrangements for ensuring ethical standards (such as the Audit Commission / Standards Board Ethical Governance Audit Tool and facilitated workshop).</p> <p>There are arrangements in place to identify and implement best practice techniques.</p>
Improvement/ Renovation Grants	<p>The authority has a clearly defined policy and up to date procedures which act as a guide to staff and are available to applicants, agents, contractors etc; Entitlement to grant assistance is calculated promptly and in accordance with statutory requirements and Council Policies; The level of grant is calculated accurately, in accordance with statutory requirements and Council Policies; Grant aided works are completed satisfactorily, to a required standard; Payment of grants are authorised, recorded and made in accordance with statutory requirements and council policies; Grant conditions remain in force for the appropriate statutory period; Grant payments are recovered in the event of non-compliance with the grant conditions, where applicable; Complaints are dealt with appropriately.</p>
Childrens Fund	<p>The service has established a strategic plan which set out clear objectives and strategies designed to contribute to the delivery of the Every Child Matters: Change for Children programme. The plan describes arrangements for the transition to children's trusts.</p> <p>The statement of grant usages fairly represents the eligible expenditure for the financial year covered in accordance with the definitions and conditions in the grant determination. Capital expenditure is in line with terms and conditions of grant.</p> <p>There are adequate systems of control in place, both in central processes and those of partner agencies to ensure regularity, probity and the efficient use of resources.</p> <p>The programme is effectively led with a clearly defined organisational structure in place and roles and responsibilities communicated to all relevant parties.</p> <p>Adequate monitoring and evaluation of outcomes is undertaken and notified to the DfES.</p>
SEN Support	<p>HBC provides a SEN support service in line with the SEN Code of Practice, statutory requirements and best practice guidance.</p> <p>Adequate arrangements are in place to ensure that all children with SEN are identified and provided with appropriate support;</p> <p>The support required is adequately documented, monitored and reviewed to ensure that the correct level is provided;</p> <p>Partnership arrangements are clearly defined and aimed at meeting the needs of clients.</p> <p>Adequate performance monitoring is in place.</p> <p>Resources are used efficiently, economically and effectively.</p>
Building Maintenance	<p>To examine the arrangements in place to manage the maintenance of Council property in line with Council objectives, procuring the services required to provide a maintenance function and the monitoring of this provision.</p>
Main Accounting System	<p>Ensure that correct accounting data is provided, for input into the Council's Final Accounts, Balance Sheets and Statements of Accounts, controls are in place to ensure that data entered to INTEGRA is complete, accurate and can be relied upon for reporting purposes, the administration of the INTEGRA system is carried out effectively and access to the INTEGRA system is adequately controlled.</p>
Dyke House Secondary	<p>Ensure school financial and governance arrangements are in line with best practice.</p>

AUDIT COMMITTEE

4th October 2007



Report of: Chief Financial Officer

Subject: REVIEW AND APPROVAL OF COUNCIL
ACCOUNTS

1. PURPOSE OF REPORT

To inform Members of the proposal for the Audit Committee to review and approve the Councils accounts from 2007/08 onwards.

2. SUMMARY OF CONTENTS

Following a request from the General Proposes Committee, the Audit Committee considers the proposal to take over the role of reviewing and approving the Councils accounts. If the Audit Committee accepts the proposal the annual approval of accounts would become part of the Audit Committee's remit.

3. RELEVANCE TO PORTFOLIO MEMBER

N/A

4. TYPE OF DECISION

Non-key decision.

5. DECISION MAKING ROUTE

Any decision to change the remit of the Audit Committee would be considered by the Constitution Working Group.

6. DECISION(S) REQUIRED

The Audit Committee take over the role of reviewing and approving the Councils accounts.

Report of: Chief Financial Officer

Subject: REVIEW AND APPROVAL OF COUNCIL
ACCOUNTS

1. PURPOSE OF REPORT

- 1.1 To inform Members of the proposal made by the General Purposes Committee for the Audit Committee to review and approve the Councils accounts from 2007/08 onwards.

2. BACKGROUND

- 2.1 The Councils accounts are approved under delegated authority by the Councils General Purposes Committee. However, at a recent meeting of the General Purposes Committee it was felt that it may be more appropriate for the Audit Committee to fulfil this role, and as such have requested that the Audit Committee consider taking over this role.

3. AUDIT COMMITTEE ROLE

- 3.1 The role of the Audit Committee has developed and evolved over the period of time it has been in operation. It now receives the full range of reports, analysis and information it needs to fulfil its remit. These reports include:
- Quarterly Internal Audit Update Reports from the Head of Audit,
 - The Annual Opinion on the Councils Internal Control Environment from the Head of Audit,
 - The Statement on Internal Control,
 - The Internal Audit Annual Plan,
 - The Internal Audit Strategy,
 - The Internal Audit Charter,
 - External Audits Annual Audit and Inspection Letter,
 - External Audits Audit and Inspection Plan,
 - All External Audit reports.
- 3.2 Given the breadth and coverage of these reports, few of which are reported to the General Purposes Committee, it was suggested at the meeting of General Purposes that the Audit Committee was better placed to review and approve the Councils accounts.

- 3.3 In terms of complying with good practice for the operation of an Audit Committee as recommended by CIPFA, when reviewing and approving the accounts the Audit Committee would need to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 3.4 If the Audit Committee considers it appropriate that they undertake the role of reviewing and approving the Councils accounts then the draft accounts prior to external audit would be reported in June 2008. This would be followed by the audited accounts, with any subsequent amendment following audit and external audits annual governance statement reported in September 2008.

4 RECOMMENDATION

- 4.1 The Audit Committee take over the role of reviewing and approving the Councils accounts.