

AUDIT COMMITTEE AGENDA



Thursday 3rd January 2008

at 10.00am

**in the Red Room, Avondale Centre, Dyke House
(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 4th October 2007 (*attached*)

4. ITEMS FOR DISCUSSION / DECISION

4.1 Internal Audit Plan 2008/09 - *Head of Audit and Governance*

4.2 Internal Audit Plan 2007/08 Update – *Head of Audit and Governance*

4.3 Audit Commission Report- Data Quality – *Chief Financial Officer*

4.4 Annual Governance Statement – *Head of Audit and Governance*

5. ANY OTHER ITEMS WHICH THE CHAIR CONSIDERS ARE URGENT

AUDIT COMMITTEE

MINUTES AND DECISION RECORD

4 October 2007

The meeting commenced at 10.00 am at the Avondale Centre, Dyke House,
Hartlepool

Present:

Councillors Arthur Preece (in the Chair)

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

Officers: Mike Ward, Chief Financial Officer
Noel Adamson, Head of Audit and Governance
Caroline Tyrrell, Audit Commission
Jo Wilson, Democratic Services Officer

6. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Gerard Hall, Geoff Lilley, Steve Wallace and Gerald Wistow

7. Inquorate Meeting

Members noted that the meeting was inquorate. However it was agreed that the meeting would go ahead and any recommendations made by members would be ratified at the next Audit Committee meeting.

8. Declarations of interest by members

None

9. Confirmation of the minutes of the meeting held on 10 July 2007

Agreed

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

Purpose of report

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

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 members of 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 Committees, and after review would form part of the statement of accounts of the Council. Details were given of the completed audits, both in an appendix to the report and as a verbal update.

The Head of Audit and Governance advised that 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 award by March 2008 Internal Audit had undertaken more comprehensive audit coverage in order to provide support and advice to the schools in order that they could be assessed successfully. Members queried why certain schools were being assessed now while others were not. The Head of Audit and Governance indicated that those schools which were due to be audited this year had been chosen for assessment. Members went on to ask how other authorities had formulated an effective health and safety policy. The Head of Audit and Governance reported that there were certain legal and corporate requirements which had to be covered.

Recommendation

That the contents of the report be noted.

11. Review and Approval of Council Accounts *(Chief Financial Officer)***Purpose of report**

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

Issue(s) for consideration by the Committee

The Council's accounts are approved under delegated authority by the General Purposes Committee. However at a recent meeting members of the General Purposes Committee had indicated that they felt it might be more appropriate for Audit Committee to fulfil this role and requested that the Audit Committee give this consideration. 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 had been followed and whether there were any concerns arising from the financial statements or audit that needed to be brought to the attention of the Council.

The Chair indicated that he saw the logic of the argument but members were not in a position to make a decision due to the meeting being inquorate. He suggested that consideration should be given to increasing the membership of the Audit Committee as there was no point in transferring functions to the Audit Committee if they were unable to discharge their existing duties. Should the membership of the Committee increase the quorum would remain the same unless otherwise stipulated. The Chief Financial Officer advised that there was very little room for manoeuvre in the deadlines for the approval of accounts and therefore it was vital that the Audit Committee be able to discharge its duties. Members acknowledged that they were unable to make a decision on this matter, however they requested that these matters be taken to Constitution Committee for their consideration as soon as possible.

Recommendation

That the following recommendations be referred to Constitution Committee as soon as possible:

1. That the Audit Committee take over the role of reviewing and approving the Council accounts
2. That the membership of the Audit Committee be increased

APREECE

CHAIRMAN

AUDIT COMMITTEE

3 January 2008



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2008/09

1. PURPOSE OF REPORT

- 1.1 To inform Members of the direction of Internal Audit activity and to seek approval of the annual operational Internal Audit Plan for 2008/09.

2. BACKGROUND

- 2.1 The attached Report provides accountability for internal audit services and allows Members to monitor the application of the delegated authority for ensuring an effective and satisfactory internal audit function in accordance with the Accounts and Audit Regulations 2006 and CIPFA Code of Practice for Internal Audit in Local Government in the UK (2006).

3. FINANCIAL IMPLICATIONS

- 3.1 None.

4. RECOMMENDATIONS

- 4.1 Members note the contents of this Report and approve the Internal Audit Plan for 2008/09.

Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2008/09

1. PURPOSE OF REPORT

- 1.1 To inform Members of the direction of internal audit activity, and to seek approval of the annual operational Internal Audit Plan for 2008/2009 (Appendix A).

2. BACKGROUND

- 2.1 Under the Accounts and Audit Regulations 2006, the Council is responsible for maintaining an adequate and effective system of internal audit of its accounting records and accounting control systems in accordance with proper internal audit practices. At Hartlepool, the authority for ensuring this responsibility is discharged, has been delegated to the Chief Financial Officer.
- 2.2 To accord with the CIPFA Code of Practice 2006 and to assist in ensuring the objectives of Internal Audit are achieved, audit activity must be effectively planned to establish audit priorities and ensure the effective use of audit resources. Code of Practice criteria within Comprehensive Performance Assessment requires that there is an internal audit plan based on an evidenced assessment of risk and that the plan is reported to Members.
- 2.3 Given available audit resources, all aspects of the Council's systems and arrangements cannot be audited in one year. In recognition of this a five-year Strategic Audit Plan has been prepared using a risk model based on the model accredited by the Chartered Institute of Public Finance and Accountancy, which factors include:
- Value of transactions
 - Volume of transactions
 - CPA critical
 - Management and Control environment
 - Relevance to AGS
 - May incur legal penalties

- 2.4 The existing five year Strategic Plan has assisted in the production of the Annual Audit Plan for 2008/2009. Additionally, the audit plan has been tailored to add value to the Council following a process of discussion and consideration by Corporate Management Team, of their current operational issues.
- 2.5 Hartlepool Borough Council Internal Audit establishment consists of a Head of Audit and Governance and 6.5 FTE audit staff.

3 INTERNAL AUDIT RESOURCES 2008/2009

Mainstream Internal Audit

- 3.1 A total of 93 planned audits will form the basis of the mainstream Internal Audit Work for 2008/09. The plan is broken down into the main areas of work undertaken in order to provide an opinion on the control environment in operation at the Council. It includes fundamental systems such as salaries, debtors, creditors, risk management etc., which are identified, for the purpose of the plan, as single audits. However, these will include system and probity audits in each or some of the departments, in support of the main system reviews.

In addition to the planned audit work, advice and support will be provided on an ad hoc basis throughout the financial year together with unplanned reactive work wherever necessary and appropriate.

- 3.2 In addition, for 2008/09, 120 days of audit work will be provided to the Cleveland Fire Authority.
- 3.3 Further details are provided in Appendix A of the focus of coverage across the council.

4 DELIVERING THE AUDIT

- 4.1 Regular liaison is an essential feature of an effective and responsive audit function. In this context, Internal Audit will:
 - Have frequent meetings with departments to discuss the short term audit program, any current departmental issues which may benefit from an audit review and provide the opportunity to raise any concerns with the audit services provided
 - Following audit reviews, agree action plans scheduling recommendations, identifying responsibilities and timescales for action
 - Carry out follow up work to monitor the effectiveness of management in actioning audit recommendations

- Ensure audit recommendations are focused on improving controls and delivering benefits to the Council.
- Provide feedback to the Chief Financial Officer and Members on progress on the audit plan and the outcomes of audit work.

5 INTEGRATION

- 5.1 Although Internal Audit and the Audit Commission carry out their work with different objectives, it is good professional practice that both parties should work closely together, which is a principle that the Council has always been committed to.
- 5.2 The arrangements for ensuring effective joint working are formalised into a Joint Protocol Agreement, which ensured that the overall audit resources are most effectively focused and duplication is mitigated.

6 RECOMMENDATION

- 6.1 It is recommended that Members approve the 2008/2009 Internal Audit Plan.

Appendix A

Department Name	Code		2007/08	2008/09	2009/10
		FUNDAMENTAL SYSTEMS			
Chief Executives	FS1	Asset Register - Capital Accounting	10	10	10
Chief Executives	FS2	Benefits - Housing & Council Tax	25	25	25
Chief Executives	FS3	Budgetary Control	15	10	15
Chief Executives	FS4	Cash/Bank	10	10	10
Chief Executives	FS5	Council Tax	15	15	15
Corporate	FS6	Creditors	15	20	15
Corporate	FS7	Debtors	15	20	15
Chief Executives	FS8	Loans & Investments	5	5	5
Chief Executives	FS9	Main Accounting	15	10	15
Chief Executives	FS10	NNDR	10	10	10
Corporate	FS11	Procurement	20	20	20
Corporate	FS12	Salaries	10	10	10
Corporate	FS13	Wages	10	10	10
		OTHER SYSTEMS			
Corporate	OS1	Attendance Management	10	10	10
Chief Executives	OS2	Contracts:	30	30	30
		Pre			
		Current			
		Post			
Corporate	OS3	Fleet Management	10	0	10
Chief Executives	OS4	Health and Safety	10	10	5
Chief Executives	OS5	Mortgages	5	0	0
Chief Executives	OS6	NFI	5	10	20
Corporate	OS7	Officers Expenses	10	0	5
Corporate	OS8	Performance Management Systems	10	10	5
Chief Executives	OS9	Recruitment, Selection and Retention	10	10	10
Chief Executives	OS10	Redundancies	10	0	5
Chief Executives	OS11	Risk Management	20	10	10
Chief Executives	OS12	Time Management/Flexi Scheme	0	0	5
Chief Executives	OS13	Training	0	0	10
Chief Executives	OS14	V.A.T.	5	5	5
		GOVERNANCE ISSUES			
Corporate	GI1	UoR/CPA	20	30	30
Childrens	GI2	Childrens Act	10	0	0
Corporate	GI3	Disabled Discrimination Act (DDA)	5	5	5
Corporate	GI4	Data Protection Act (DPA)	5	0	5
Corporate	GI5	Freedom of Information Act (Fol)	15	0	5
Chief Executives	GI6	Fraud Awareness	0	25	10
Corporate	GI7	Public Interest Disclosure Act (PIDA)	5	5	5
Corporate	GI8	Proceeds of Crime Act (PoCA)	5	5	5
Corporate	GI9	Regulation of Investigatory Powers Act (RIPA)	0	0	5
Corporate	GI10	Age Discrimination Act (ADA)	0	10	5
	GI11	Contingency	10	10	10
		PARTNERSHIPS			
Childrens	PA1	Childrens Fund	20	0	10

Corporate	PA2	Partnerships (UoR/CPA)	20	35	20
Corporate	PA3	Housing Hartlepool	0	10	0
Regeneration and Planning	PA4	LAA	10	25	10
	PA5	Contingency	0	20	20
		ANNUAL AUDITS			
Corporate	1Y1	Best Value Performance Plan	10	5	5
Chief Executives	1Y2	Claim Adjustor Reviews	5	5	5
Childrens	1Y3	Student Awards	0	0	0
Adults	1Y4	Supporting People	0	10	0
		TWO YEARLY AUDITS			
Childrens	2Y1	Adoption	10	0	5
Childrens	2Y2	Brierton Secondary School	0	2	0
Neighbourhood Services	2Y3	Building Maintenance	20	0	20
Neighbourhood Services	2Y4	Car Parks Income	0	10	0
Childrens	2Y5	Carlton Centre	10	0	5
Adults	2Y6	Catering	0	0	5
Neighbourhood Services	2Y7	Community Transport	0	0	10
Adults	2Y8	Contracts & Commissioning	0	10	0
Adults	2Y9	Direct Payments	0	10	0
Childrens	2Y10	Dyke House Secondary School	0	2	10
Chief Executives	2Y11	Emergency Planning	0	5	0
Chief Executives	2Y12	Employees Registers of Interest	0	5	0
Childrens	2Y13	English Martyrs Secondary School	0	2	10
Childrens	2Y14	Fostering	10	0	5
Childrens	2Y15	Free School Meals	10	0	5
Childrens	2Y16	High Tunstall Secondary	7	2	10
Neighbourhood Services	2Y17	Highways	20	0	10
Adults	2Y18	Home Care	10	0	10
Regeneration and Planning	2Y19	Housing Aid & Asylum Seekers	0	5	0
Regeneration and Planning	2Y20	Improvement/Renovation Grants	10	0	5
Regeneration and Planning	2Y21	Industrial Estate Lettings/Rental	10	0	5
Chief Executives	2Y22	Insurances	10	0	10
Childrens	2Y23	Manor College Of Technology	0	2	10
Chief Executives	2Y24	Members Allowances	0	10	0
Chief Executives	2Y25	Members Code of Conduct	5	0	5
Neighbourhood Services	2Y26	Milk Grant	5	0	5
Adults	2Y27	Millhouse & Eldon Grove Centres	0	10	0
Adults	2Y28	Nursing & Res Accommodation Charges	0	10	0
Adults	2Y29	Pensions, Allowances & Client Property	0	10	0
Neighbourhood Services	2Y30	Pest Control, Licences, Public Health Inc.	0	10	0
Corporate	2Y31	Petty Cash	10	0	5
Childrens	2Y32	Special Educational Needs Support	10	0	10
Adults	2Y33	Section 17 Payments	10	0	10
Childrens	2Y34	Springwell Special School	0	9	0
Childrens	2Y35	St. Hilda's	0	2	10
Childrens	2Y37	Children Centres	10	10	10
Adults	2Y38	Tourism	10	0	5
Neighbourhood Services	2Y39	Trading Standards	10	0	0
Neighbourhood Services	2Y40	Stores	0	10	0

		THREE YEARLY AUDITS			
Neighbourhood Services	3Y1	Abandoned Vehides	0	0	5
Childrens	3Y2	Adult Education	0	10	0
Adults	3Y3	Allotment Rentals	0	5	0
Chief Executives	3Y4	Assisted Car Purchase	5	0	0
Childrens	3Y5	Barnard Grove Primary School	6	0	0
Adults	3Y6	Book Fund	0	0	5
Adults	3Y7	Brooklyn Centre	0	0	0
Childrens	3Y8	Brougham Primary School	0	10	0
Regeneration and Planning	3Y9	Building & Development Control Income	0	0	5
Regeneration and Planning	3Y10	Business Support Grants	10	0	0
Childrens	3Y11	Catcote Special School	6	0	0
Adults	3Y12	Cemeteries & Crematoriums	0	0	5
Chief Executives	3Y13	Central Land Charges	10	0	0
Chief Executives	3Y14	Central Printing	0	0	5
Childrens	3Y15	Clavering Primary School	0	0	10
Neighbourhood Services	3Y16	Cleaning Of Buildings	0	10	0
Adults	3Y17	Community Grants	0	0	5
Corporate	3Y18	Corporate Postages & Franking	0	0	5
Adults	3Y19	Court Of Protection	0	10	0
Childrens	3Y20	Education Development Centre	0	0	5
Childrens	3Y21	Eldon Grove Primary School	6	0	0
Childrens	3Y22	Elwick C Of E Primary School	0	0	10
Childrens	3Y23	Fens Primary School	0	0	10
Childrens	3Y24	Golden Flatts Primary School	0	0	10
Childrens	3Y25	Grange Primary School	6	0	0
Childrens	3Y26	Greatham C Of E Primary School	6	0	0
Neighbourhood Services	3Y27	Hackney Carriages	0	0	5
Childrens	3Y28	Hart Primary School	0	0	10
Adults	3Y29	Havelock Day Centre	5	0	0
Adults	3Y30	Hire Of Community & Public Halls	0	5	0
Childrens	3Y31	Holy Trinity C Of E Primary School	0	0	10
Childrens	3Y32	Jesmond Primary School	0	10	0
Childrens	3Y33	Kingsley Primary School	0	10	0
Adults	3Y34	Libraries	0	10	0
Neighbourhood Services	3Y35	Licensing	0	0	10
Childrens	3Y36	Lynnfield Primary School	0	10	0
Neighbourhood Services	3Y37	Market Rents	0	5	0
Adults	3Y38	Meals On Wheels	10	0	0
Childrens	3Y39	Music Service (Joint Arrangement)	5	0	0
Childrens	3Y40	Owton Manor Primary School	0	0	10
Adults	3Y41	Parks Income	0	5	0
Adults	3Y42	Placements	10	0	0
Adults	3Y43	Playing Fields & Lettings	5	0	0
Adults	3Y44	Play schemes (Easter & Summer)	5	0	0
Childrens	3Y45	Pupil Referral Unit (P.R.U.)	5	0	0
Neighbourhood Services	3Y46	Recycling Centre	0	0	0
Adults	3Y47	Registrars	0	0	5
Adults	3Y48	Registration & Inspection	0	0	0
Adults	3Y49	Resource Centres	5	0	0
Childrens	3Y50	Rift House Primary School	0	0	10
Childrens	3Y51	Rossmere Primary School	0	10	0

Childrens	3Y52	Sacred Heart Primary School	6	0	0
Neighbourhood Services	3Y53	School Catering Recharges	0	0	5
Childrens	3Y54	Seaton Carew Nursery	0	5	0
Childrens	3Y55	St. Aidans Primary School	6	0	0
Childrens	3Y56	St. Begas Primary School	6	0	0
Childrens	3Y57	St. Cuthbert's Primary School	0	10	0
Childrens	3Y58	St. Helens Primary School	0	10	0
Childrens	3Y59	St. John Vianney Primary School	0	10	0
Childrens	3Y60	St. Josephs Primary School	0	0	10
Childrens	3Y61	St. Teresa's	0	10	0
Childrens	3Y62	Stranton Primary	6	0	0
Adults	3Y63	Summerhill	5	0	0
Adults	3Y64	Swinburne House	5	0	0
Adults	3Y65	The Firs	0	0	0
Childrens	3Y66	Throston Primary School	6	0	0
Neighbourhood Services	3Y67	Trade Refuse/Special Collections	0	10	0
Childrens	3Y68	Ward Jackson Primary	6	0	0
Neighbourhood Services	3Y69	Warden Call	0	0	0
Adults	3Y70	Warren Road	0	5	0
Childrens	3Y71	West Park Primary	6	0	0
Childrens	3Y72	West View Primary School	6	0	0
		OTHER PLANNED WORK			
Chief Executives	OP1	BVPI's	30	30	30
Chief Executives	OP2	Computer Audit	85	60	60
Chief Executives	OP3	E - Government Strategy	0	0	0
Corporate	OP4	Advice and Support	30	20	20
Corporate	OP5	SIC/AGS	0	30	20
		ADMINISTRATION			
Corporate	HOL	Holidays	233	230	230
Corporate	SIC	Sickness	40	40	40
Corporate	TRA	Training/Development	16	24	13
Corporate	BH	Bank Holidays	48	42	48
Corporate	ADM	Administration	96	96	96
Corporate	CON	Contingency	25	15	15
		CFA			
CFA	FB1	Asset Management	0	8	0
CFA	FB2	Assisted Car Purchase Scheme	0	0	0
CFA	FB3	Creditors	12	8	9
CFA	FB4	Debtors	10	6	9
CFA	FB5	Fleet Management	12	0	5
CFA	FB6	Full Time Fire Stations	8	8	8
CFA	FB7	Grant Administration	0	0	5
CFA	FB8	Income	0	0	0
CFA	FB9	Insurances	0	8	0
CFA	FB10	Inventories	6	6	6
CFA	FB11	IT Management	0	10	0
CFA	FB12	Officers Expenses	10	5	9
CFA	FB13	Part Time Fire Stations	0	0	0
CFA	FB14	Payroll	12	8	10

CFA	FB15	Pensions	8	12	6
CFA	FB16	Procurement	0	0	8
CFA	FB17	Retained Firefighter Claims	4	8	4
CFA	FB18	Stores	10	5	9
CFA	FB19	Training School	0	0	0
CFA	FB20	VAT	0	6	0
CFA	FB21	Young Firefighter Association	6	0	0
CFA	FB22	National Fraud Initiative	5	5	5
CFA	FB23	Analytical Review	2	2	2
CFA	FB24	Corporate Governance Issues	10	10	10
CFA	FB25	Advice & Support	5	5	5
		TOTAL	1533	1483	1492

AUDIT COMMITTEE

3 January 2008



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 2007/08.

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 Annual Governance Statement, 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
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.	<ul style="list-style-type: none"> - An exercise should be undertaken to determine the extent the organisation complies with DDA requirements with respect to access to all HBC buildings using appropriate building regulation standards. This information should then be used to analyse the Council's position and determine appropriate action plans including establishing the budgetary requirement to achieve compliance. - A design guide should be developed which incorporates the minimum standards required to achieve DDA compliance. This should be presented to Members for approval. Departments should be advised that these minimum standards be used on all capital works to Council properties. - Requirements for complying with the DDA requirements in respect of transport / highways should be considered by an appropriate sub group and action plans developed. - Consideration should be given to identify and include stronger controls to mitigate the risk identified in the risk register. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
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.	<ul style="list-style-type: none"> - Procedures regarding the authorisation of amendments to budgets need to be clarified/formalised. - Changes to budgets prior to upload should be specifically documented - Training should be given to budget holders with a record of training given being maintained. - Clear written instructions should be available to act as a guide to staff. - Finance Officers should maintain adequate records of discussions. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Stranton Primary	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - That a timetable of key events in relation to budget setting and monitoring is put in place. - Ensure that committee and SMT minutes clearly state for financial matters the action that is to be taken 	<p>Y</p> <p>Y</p>

		<p>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.</p> <ul style="list-style-type: none"> - Independent audits of both funds are performed on an annual basis. - Following completion of self-assessments, training is made available for any financial training requirements identified. - That a competencies matrix is completed for all governors. - The inventory template provided by internal audit is utilised by the school and inventory procedures are drawn up and approved by the GB. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
DPA/FoI	<p>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.</p>	<p>- Greater care should be taken when completing and maintaining the Requests Register to ensure all details are appropriately completed and all information is held to support the entries.</p>	Y
Carlton Centre	<p>To test and evaluate the efficiency and effectiveness of the systems, and controls used to achieve the Centre's planned objectives.</p>	<ul style="list-style-type: none"> - Regular banking of income, ideally weekly. - An up to date inventory to be kept and an annual stock check to be carried out and documented by two independent members of staff. 	<p>Y</p> <p>Y</p>
Barnard Grove Primary	<p>Ensure school financial and governance arrangements are in line with best practice.</p>	<ul style="list-style-type: none"> - HCSS 3 year budget forecasting tool to be implemented. - School Improvement Plan to be extended to cover 3 years to be in line with 3 year budgeting. - Children's Services Finance to visit the school as priority in September 2007 to correct the budget within SIMS and advise the school on budget setting, monitoring and forward planning. - The minutes of governor meetings to evidence budget monitoring throughout 2007/08 for purposes of the FMSiS assessment. Budget monitoring reports should be presented to governors at least termly. - The reconciliation of the Private Fund carried out by the school Administrative Assistant to be documented including the reconciliation to cash in hand. - Make arrangements to ensure that Neighbourhood Services transfer 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

		<p>payments including school meals are authorised by the Head Teacher and documentary evidence retained.</p> <p>- For purchases or services received over £5,000 evidence of quotations should be maintained for inspection.</p> <p>- A copy of the signed Best Value Statement to be forwarded to Internal Audit as evidence for the FMSiS assessment.</p> <p>- An annual stock check of the inventory list should be undertaken and involve a person who is independent of the day to day maintenance of records. The stock check should be documented, signed and dated.</p> <p>- A Statement on Internal Control (SIC) should be prepared and approved by the Headteacher, Chair of the Governing Body and Chair of the Finance and General Purposes Committee.</p> <p>- The Local Authority Whistle Blowing Policy should be formally adopted by the school, approved by Governors and communicated to staff.</p> <p>- Carry out a self evaluation of Governor competencies in line with FMSiS guidance.</p> <p>- 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.</p> <p>- The school should carry out a benchmarking exercise for this financial year using the DFES Teachernet benchmarking website to evaluate performance against similar schools.</p> <p>- 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>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Throston Primary	Ensure school financial and governance arrangements are in line with best practice.	<p>- 3 year budget forecasting to be implemented. School Improvement Plan to show the link between the SIP and 3 year budget.</p> <p>- All employees with access to computers, email or the Internet should complete DP Forms of Undertaking.</p> <p>- Regular reconciliations to be carried</p>	<p>Y</p> <p>Y</p> <p>Y</p>

		out for the private fund.	
		- Annual audit of the Private Fund to be carried out by a suitably qualified person, independent from the day to day administration of the fund. Financial statements to be presented to governors.	Y
		- The school should consider registering the private fund with the Charity Commissioner.	Y
		- Contract Information module in SIMS to be updated to ensure that the annual salary amounts recorded are correct.	Y
		- Purchase orders should be raised in SIMS immediately wherever possible, committing the expenditure to SIMS before the invoice is received.	Y
		- 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.	Y
		- Best Value statement to be completed by the school.	Y
		- Annual Inventory stock checks should be completed by at least one independent member of staff.	Y
		- 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.	Y
		- The outstanding Governors Interest Form should be obtained as soon as possible.	Y
		- 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.	Y
		- The Whistle Blowing Policy should be formally communicated to staff and Governors.	Y
		- Carry out a self evaluation of Governor competencies in line with FMSiS guidance.	Y
		- Headteacher's Job description should be more detailed and include detail about the financial management roles and responsibilities of the post.	Y
		- A self evaluation of staff financial management competencies should be carried out by the Headteacher and School Clerk. 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	Y

		<p>competences.</p> <ul style="list-style-type: none"> - 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>
Central Land Charges	Ensure that Land Charges requests are processed correctly and promptly, income due is fully accounted for and data is securely held.	None	
Sacred Heart Primary	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - The HBC Data Protection Code of Practice, covering the Data Protection Act 1998, Internet and Email, should be made available to staff. Staff with access to computers should complete and sign a HBC Data Protection Form of Undertaking. - Audited Private Fund accounts to be formally presented to governors annually. - The school should issue official, pre-numbered receipts or maintain other formal documentation for all income collected to provide an independent record of cash held on site prior to banking for insurance purposes should money be misappropriated or lost. - Where the cost is known purchases should always be committed to SIMS prior to the invoice being received for budget monitoring purposes. - The school should complete and return to the Children's Services Department a Best Value Statement. - 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 Whistle Blowing Policy should be formally communicated to staff and approved by Governors. - Carry out a self evaluation of Governor competencies in line with FMSiS guidance. 	<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"> - In line with FMSiS guidance a self evaluation of staff financial management competencies should be carried out by staff exercising financial management responsibility within the school (auditor has provided FMSiS guidance R11). - The school should carry out a benchmarking exercise using the DFES Teachernet benchmarking website to evaluate performance against similar schools. Benchmarking findings should be presented to the Governing Body. - 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>
St Begas Primary	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - To consider a more detailed budget monitoring report be presented to governors. - School Profile to be made available to parents online as soon as possible. - The HBC Data Protection Policy, covering Internet and Email, should be made available to staff. Staff with access to computers should complete and sign a HBC Data Protection Form of Undertaking. - Headteacher's signature to be evidenced on Neighbourhood Services transfer invoice documentation as evidence of authorisation of the payment. Documentation received by email to be retained. - Contract Information module in SIMS to be updated to ensure that the annual salary amounts recorded are correct. - Income collected by staff e.g. Out of School Care, should be paid into the school office daily. Income should be agreed by the member of staff and by the School Clerk. Both signatures should be recorded. - Committee minutes should include Action Points raised and assigned responsibility. Follow up actions to be recorded in subsequent minutes. - Governor Interest Forms should be obtained for all Governors in office. - A Statement on Internal Control (SIC) 	<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>should be prepared and approved by the Headteacher, Chair of the Governing Body and Chair of the General Purposes Committee.</p> <ul style="list-style-type: none"> - The Whistle Blowing Policy should be formally communicated to staff and approved by Governors. - Carry out a self evaluation of Governor competencies in line with FMSiS guidance. - 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. - Benchmarking findings have been made known to the Governing Body; where appropriate, an action plan has been put in place with progress against it monitored. - The school's Financial Administration Procedures should be approved by governors, be regularly reviewed and updated as necessary. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Middleton Grange Income	<p>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.</p>	<ul style="list-style-type: none"> - Budget monitoring exercises should identify significant variances between profiled and actual budgets and appropriate action taken. - Assurance should be obtained by independent means that claims made for rental income are valid. The lessee should be required to provide documentary evidence to support claims. 	<p>Y</p> <p>Y</p>
West Park Primary	<p>Ensure school financial and governance arrangements are in line with best practice.</p>	<ul style="list-style-type: none"> - Detailed information should be provided which support the schools planned use of reserves. - The School profile should be updated for 2007. - The school should consider registering 	<p>Y</p> <p>Y</p> <p>Y</p>

		<p>the private fund with the Charity Commissioner.</p> <ul style="list-style-type: none"> - All employees' details should be entered onto contracts information module on SIMS and checks made to ensure that staff salaries charged to the school are accurate and valid. - Cheque signatories who leave the employment of the school should be removed from the bank mandate of both the school bank account and school fund immediately. - Orders should be raised at the time goods and services are requested rather than when invoices are received. They should be committed onto the FMS for budgetary control purposes. - Checks should be made that contractors hold £5M Public Liability Insurance. - The clerk of the Finance Committee should be independent of its members. - The School should undertake an exercise to complete the SIC. Guidance is available on FMSiS website. - 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. - Performance management arrangements should include the establishing and monitoring of financial targets. - Results of benchmarking exercises should be presented to the GB in order to identify areas of good performance and also areas where improvement can be made. - The GB should formally ratify adoption of HBC Financial Regulations. - The school should develop detailed local procedures notes for all elements of the finance function. 	<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>
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.</p> <p>Capital expenditure is in line</p>	<ul style="list-style-type: none"> - Returns to GONE detailing the number of children served should include all children served but should also stipulate the number of referrals who have been served separately. - In addition to checking eligibility of expenditure, the programme should seek assurance annually regarding the adequacy of the internal control environment of service providers, particularly the procedures for recruitment and selection. - Random checks should be undertaken to verify the accuracy of quarterly returns provided by service providers. 	<p>Y</p> <p>Y</p> <p>Y</p>

	<p>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>	<p>- Calculations determining extra district income due to the Council should be accurate and verified as such when invoices are requested to be raised.</p> <p>- Calculations which determine extra district expenditure should be verified as accurate prior to payment of invoices.</p> <p>Documentary evidence supporting the calculations should be obtained from the relevant LEA's / schools and retained in a secure manner</p>	<p>Y</p> <p>Y</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>	<p>- Arrangements are made to ensure that transfer invoices are authorised.</p> <p>- Access for officer's who have left the employment of Hartlepool Borough Council is disabled.</p> <p>- Those officers with full system access capabilities are reviewed by an independent officer on a regular basis.</p>	<p>N</p> <p>Y</p> <p>Y</p>
Dyke House Secondary	<p>Ensure school financial and governance arrangements are in line with best practice.</p>	<p>- That budget thresholds are set at the recommended 80% to assist in the budgetary control process.</p> <p>- A current list of employees is used to identify 'missing forms' and that action is taken to chase these up.</p>	<p>Y</p> <p>Y</p>

		<ul style="list-style-type: none"> - Payment documents are certified as having the goods received and authorised for payment and are referenced with the payment cheque number. Income is banked on a more regular basis. Stock records are maintained for the sale of sweatshirts. - The auditor states balances in the audit certificate at the time of the audit and signs the supporting documentation. - That consideration is given to registering the Private School Fund with the Charities Commission and that this decision is documented. - Contract information on SIMS is updated on a regular basis. - Income is banked more regularly. - Adequate division of duties is introduced between authorising and raising invoices and the cancellation of debt via payment/write off. If there is insufficient staff available a division could be introduced through authorising transactions after the event using system reports. - That arrangements are put in place to check CIS certificates for companies carrying out building work at the school which are being paid for via the School Cheque Book. - That declaration of interest forms are received for all governors. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Attendance Management	<p>Ensure the Council complies with relevant legislation and regulations relating to sickness absence, in particular the Data Protection Act;</p> <p>the Attendance Management Policy has been effectively communicated to employees;</p> <p>the aims and objectives of the Council's Attendance Management Policy are being achieved;</p> <p>attendance is reported, monitored and managed in line with the Attendance Management Policy;</p> <p>good attendance is recognised;</p> <p>adequate training and support is provided to managers;</p> <p>recruitment procedures reduce the risk of recruiting those who will be poor attendees.</p>	<ul style="list-style-type: none"> - The Policy and associated procedures should be regularly reviewed as a matter of good practice. - Good attendance should be recognised in staff appraisals and a prompt provided to managers to discuss attendance. - Current IT provision should be reviewed and options for improved management information and reports investigated. Managers should be able to monitor the levels, causes and costs of sickness absence without undue delay. 	<p>Y</p> <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.
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.
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.
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
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.
Members Code of Conduct	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. 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. 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). There are arrangements in place to identify and implement best practice techniques.
Improvement/ Renovation Grants	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.
Building Maintenance	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.
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.
Children Centres	To evaluate the effectiveness of controls operating at the Children's Centres to provide assurance that risk is being managed at an acceptable level in the main areas of financial and administrative activity including the achievement of the CYPP aims and objectives; safety and wellbeing of children and families; financial management and budgetary control; IT and data security; income; purchasing and contracts; SLAs and security of assets.
Access to Learning	Ensure financial and governance arrangements are in line with best practice.
St Aidans Primary	Ensure school financial and governance arrangements are in line with best practice.
Environmental Enforcement	Ensure all legislative requirements and internal procedures are adhered to in the provision of the service.
Partnerships	Ensure adequate governance arrangements are in place for significant partnerships.
Catcote School	Ensure school financial and governance arrangements are in line with best practice.

AUDIT COMMITTEE

3 January 2008



Report of: Chief Financial Officer

Subject: AUDIT COMMISSION REPORT- DATA QUALITY.

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit Committee that arrangements have been made for a representative from the Audit Commission to be in attendance at this meeting, to present the results of the Audit Commissions work on Data Quality.

2. BACKGROUND

- 2.1 Audit Commission work on Data Quality supports the Commission's reliance on performance indicators in its service assessments for comprehensive performance assessment (CPA). This delivers the commitment to reduce significantly the level of service inspection required.

3. FINDINGS OF THE AUDIT COMMISSION

- 3.1 Attached, as Appendix A, is the Audit Commission report on Data Quality. The report points to the fact that the Council's overall management arrangements for ensuring data quality are demonstrating adequate performance and analytical review work identified that the PI values reviewed fell within expected ranges and were substantiated by evidence.

4. RECOMMENDATIONS

- 4.1 That the Audit Committee:
- i. Note the report of the Audit Commission.

Data Quality

Hartlepool Borough Council

Audit 2007/08

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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Background

- 1 Public bodies are accountable for the public money they spend: they must manage competing claims on resources to meet the needs of the communities they serve, and plan for the future. The financial and performance information they use to account for their activities, both internally and externally, to their users, partners, commissioners, government departments and regulators, must be appropriate for these purposes, providing the level of accuracy, reliability and consistency required.
- 2 Considerable weight is attached to published performance indicators as the basis for reducing the burden of regulation and awarding freedoms and flexibilities. This has made reliable performance information, and the quality of the underlying data, significantly more important. Regulators and government departments need to be assured that reported information reflects actual performance. This will provide confidence that they are focusing on the key areas for improvement.
- 3 Auditors' work on data quality and performance information supports the Commission's reliance on performance indicators in its service assessments for comprehensive performance assessment (CPA). This delivers the commitment to reduce significantly the level of service inspection required.
- 4 Introducing the comprehensive area assessment (CAA) framework from 2009 will make reliable performance information more important. The CAA will place greater emphasis on assessments that are proportional to risk. Councils will also be required to use information to reshape services, and to account to the public for performance.
- 5 The responsibility for securing the quality of the data underpinning performance information can only rest with the bodies that collect and use the data. Producing data which is fit for purpose should not be an end in itself, but an integral part of a body's operational, performance management, and governance arrangements. Organisations that put data quality at the heart of their performance management systems are most likely to be actively managing data in their day-to-day business, and turning that data into reliable information.
- 6 This is the second year in which we have undertaken work on data quality in local government. Our work is complemented by the Audit Commission's paper, *'Improving information to support decision making: standards for better quality data.'* This paper sets out standards, for adoption on a voluntary basis, to support improvement in data quality.
- 7 The expected impact of our work on data quality is that it will drive improvement in the quality of local government performance information, leading to greater confidence in the supporting data on which performance assessments are based.

Scope and objectives

- 8 The Audit Commission has developed a three-stage approach to the review of data quality.

Table 1

Stage 1	Management arrangements A review to determine whether proper corporate management arrangements for data quality are in place, and whether these are being applied in practice. The findings contribute to the auditor's conclusion under the Code of Audit Practice on the council's arrangements to secure value for money (the VFM conclusion).
Stage 2	Analytical review An analytical review of 2006/07 BVPI and non-BVPI data, and selection of a sample for testing based on risk assessment.
Stage 3	Data quality spot checks In-depth review of a sample of 2006/07 PIs all of come from a list of specified BVPIs and non-BVPIs used in CPA, to determine whether arrangements to secure data quality are delivering accurate, timely and accessible information in practice.

- 9 All three stages of the review have been carried out at Hartlepool Borough Council.

Conclusions

Stage 1 – Management arrangements

- 10 The Council's overall management arrangements for ensuring data quality are demonstrating adequate performance.
- 11 The Council has implemented the action agreed after our previous review, approving a data quality policy and allocating member responsibility for data quality. Arrangements could be further improved by ensuring the policy and detailed guidance cover all data, not only performance indicators.

Stage 2 – Analytical review

- 12 Our analytical review work at stage 2 identified that the PI values reviewed fell within expected ranges and were substantiated by evidence.

Stage 3 – Data quality spot checks

- 13 Our review and spot checks found that BV199 (cleanliness of public spaces), BV214 (homelessness prevention) and PLSS7 (library satisfaction users 16 and over) were fairly stated. HIPHSSA (private sector homes vacant over 6 months).
- 14 An action plan has been agreed with the Council (see Appendix 1) to address the issues arising from this review.

Management arrangements (Stage 1)

- 15 Overall, the Council's corporate arrangements for data quality are demonstrating adequate performance.

Governance and leadership

- 16 Responsibilities for data quality are clearly defined, there is top level commitment at officer and member levels and data quality issues relating to performance indicators (PIs) are reported as part of the Council's performance management arrangement. Arrangements would be further strengthened if the Council's arrangements covered all data, not just PIs.

Recommendation

R1 Extend monitoring and review of data quality to include all data used in performance monitoring, not just that used for published performance indicators.

Policies

- 17 A comprehensive policy for data quality relating to PIs is in place, supported by a current set of operational procedures and guidance. The policies for collection, recording, analysis and reporting are being applied in practice by all service areas. The policy does not currently cover partnerships and contractor arrangements.

Recommendation

R2 Update the data quality policy to cover partnerships and contractor arrangements.

Systems and processes

- 18 There are appropriate systems in place for the collection, recording, analysis and reporting of data used to monitor performance. Controls exist to ensure data quality but processes are not corporately defined, leading to variance between departments. Data sharing and management frameworks are in place, but the standards applied are also variable across departments.

Recommendation

R3 Ensure that approaches and standards are consistent throughout the Council.

People and skills

- 19 Training has been provided for all responsible and coordinating officers. Member training has been provided to the portfolio holder (training is being arranged for the member who took over responsibility from May 2007). Training is provided as part of the performance management development programme but there is no specific training for data quality. There is no corporate evaluation of the effectiveness of training, nor is there a training programme to address weaknesses identified through internal or external reviews of data quality.

Recommendation
<i>R4 Develop specific training for data quality and evaluate the effectiveness of training provided. Ensure training addresses weaknesses identified through internal or external reviews of data quality.</i>

Data use and reporting

- 20 A number of different data bases are used to calculate performance indicators. The Council plans to integrate the data onto a single data base to be managed by the central strategy team, to reduce risk of errors and improve efficiency. No business continuity plan is yet in place for all systems, although this is in progress.

Analytical review (Stage 2)

- 21 An analytical review of BVPIs and non-BVPIs was carried out. The Council provided explanations for variances and this did not highlight any issues for further investigation.

Data quality spot checks (Stage 3)

- 22 A number of PIs were reviewed using a series of detailed spot checks and audit tests. Our findings are shown below.

Table 2

PI	Description	Assessment	Comment
BV199	Cleanliness of public spaces	Fairly stated	Calculations confirmed, no errors identified and PI compiled in accordance with guidance.
BV214	Homelessness prevention	Fairly stated	<p>Data accurately captured in reporting systems, clearly documented guidance and advice available to staff.</p> <p>A clearer audit trail is required to show the processes involved in management checking and the reporting officer and Head of Service should formally sign-off the BVPI return to enhance accountability.</p> <p>The implementation of a software fix to prevent unauthorised amendment to data after the authorisation stage is being considered (issue raised by Internal audit).</p>
PLSS7	Library satisfaction users 16 and over	Fairly stated	The PI (95.4 per cent v good/good rating) is fairly stated in accordance with the Audit Commission's criteria.

PI	Description	Assessment	Comment
HIPHSSA	Private sector homes vacant over 6 months	Unfairly stated	<p>PI calculation incorrect. The PI was based on data extracted from the council tax system. There was a misunderstanding between departments as to what the data showed. It was assumed the date shown was the date the private dwelling first became empty. In fact the date represented the time the last council tax change was applied.</p> <p>Overall, this means that the council had accidentally omitted 6 months data which included approximately a further 1000 empty dwellings.</p> <p>The error arose from a lack of communication between staff in both the Revenues and Benefits and Housing departments.</p> <p>PI revised from 1.73 per cent to 4.82 per cent.</p>

Recommendations

- R5 Ensure there is a clear audit trail to show the processes involved in management checking of Homelessness (BVPI 214).*
- R6 The reporting officer and head of service should formally sign off the BVPI return.*
- R7 Ensure that those responsible for producing data for and/or calculating PIs understand the definition of the PI.*

Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1 Extend monitoring and review of data quality to include all data used in performance monitoring, not just that used for published performance indicators.	M	Principal Strategy Development Officer (Peter Turner)	Yes	A fundamental review of PIs is already underway to identify information used in performance monitoring. The results will be used to load data in the Covalent system which will become operational for monitoring purposes from Q1 in 2008/09.	July 2008
7	R2 Update the data quality policy to cover partnerships and contractor arrangements.	M	Principal Strategy Development Officer (Peter Turner)	Yes	Revised policy will be produced and changes reported to Performance Portfolio holder and Scrutiny Coordinating Committee. We will also build on the work of the Head of Internal Audit and Governance that is identifying partnerships across the council and evaluating governance arrangements. For some partners, such as the Police and PCT for example, we would expect to be able to rely on the data provided as they are themselves subject to data quality audit.	March 2008
7	R3 Ensure that approaches and standards are consistent throughout the Council.	M	Principal Strategy Development Officer (Peter Turner)	Agreed	A number of steps are planned following purchase of Covalent Performance Management System, including: fundamental review of PIs following announcement of the national PI set, clarification of responsibilities, electronic sign off procedure before data is published, include data quality risk for each externally reported PI.	July 2008

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R4 Develop specific training for data quality and evaluate the effectiveness of training provided. Ensure training addresses weaknesses identified through internal or external reviews of data quality.	H	Principal Strategy Development Officer (Peter Turner)	Agreed	An element of training will be provided to data providers as part of the introduction of the Covalent PMS. This will emphasise the importance of controls to ensure data quality is assured prior to publication of information. If Audit Commission is aware of best practice in other authorities then we would be grateful if you would identify the authorities so we can discuss with them.	July 2008
11	R5 Ensure there is a clear audit trail to show the processes involved in management checking of Homelessness (BVPI 214).	M	Lynda Igoe	Yes	In the short term the frequency of checks will be increased to monthly and the sample size increased and resulted documented. In the medium term and subject to the Council agreeing to participate in the sub regional choice based lettings scheme a new software system will be introduced which requires verification of all cases.	January 2008 March 2009
11	R6 R6 The reporting officer and head of service should formally sign off the BVPI return.	M	Principal Strategy Development Officer (Peter Turner)	Yes	As part of the introduction of the Covalent PMS we are considering use of an electronic sign off procedure. This required a designated officer to approve data if is published.	September 2008
11	R7 R7 Ensure that those responsible for producing data for and/or calculating PIs understand the definition of the PI.	H	Principal Strategy Development Officer (Peter Turner)	Yes	As part of the introduction of the Covalent PMS a Control/ Procedure sheet system will be introduced. This will need to be completed by those responsible for producing data for all PIs included within the system. Problems identified through internal audit and external audit will be reported to PI coordinators and fed back to PI responsible officers.	July 2008

AUDIT COMMITTEE

3 January 2008



Report of: Head of Audit and Governance

Subject: ANNUAL GOVERNANCE STATEMENT

1. PURPOSE OF REPORT

To inform Members of the proposed process to complete the Annual Governance Statement (AGS) for 2007/08.

2. SUMMARY OF CONTENTS

An explanation of why the Annual Governance Statement has subsumed the Statement on Internal Control (SIC) and how officers propose to compile it for 2007/08.

3. RELEVANCE TO PORTFOLIO MEMBER

N/A

4. TYPE OF DECISION

Non-key decision.

5. DECISION MAKING ROUTE

Audit Committee will review the Annual Governance Statement for 2007/08 before it is reported as part of the Authority's financial statements.

6. DECISION(S) REQUIRED

- 6.1 The process in place for compiling the Statement on Internal Control is continued in order to produce and Annual Governance Statement.
- 6.2 The Annual Governance Statement is reported to the Audit Committee for approval prior to it being published with the Authority's accounts.

Report of: Head of Audit and Governance

Subject: ANNUAL GOVERNANCE STATEMENT

1. PURPOSE OF REPORT

- 1.1 To inform Members of the proposed process to complete the Annual Governance Statement (AGS) for 2007/08.

2. BACKGROUND

- 2.1 Regulation 4 of the Accounts and Audit Regulations (2003) required audited bodies to conduct a review at least once a year of the effectiveness of its system of internal control and publish a Statement on Internal Control each year with the Authority's financial statements.

The purpose of the Statement on Internal Control was to provide and demonstrate that there is a continuous review of the effectiveness of an organisation's internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses in either process.

The Statement on Internal Control was to be compiled in accordance with 'proper practice', a framework which was subsequently published in April 2004 by CIPFA based on similar frameworks operating in central government departments.

- 2.2 In April 2006 amendment regulations to the Accounts and Audit Regulations (England) 2003 had a further effect on the compilation of the Statement on Internal Control for English authorities. Statutory Instrument 564/2006 came into force on 1st April 2006 and took effect from the 2006/7 financial reporting year (i.e. effective with the 2006/7 Statement on Internal Control).

SI 564 introduced the following requirements:

Regulation 4: required the findings of the review of the system of internal control to be considered by a committee of the relevant body, or by members of the body meeting as a whole, and

Regulation 6: required bodies to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole.

- 2.3 On 18th August 2006 the Department for Communities and Local Government issued further guidance to clarify what they deemed as 'proper practice'.

Section 7 of circular 03/2006 stated that 'proper practice' in relation to internal control relates to guidance contained in the following documentation:

- Statement on Internal Control in Local Government: meeting the requirements of the Accounts and Audit Regulations 2003, published by CIPFA in 2004;
- Corporate Governance in Local Government: A Keystone for Community Governance (Framework and Guidance Note), produced by CIPFA/SOLACE in 2001 (recently updated).

- 2.4 Circular 03/2006 has real significance for local authorities as it clears the way for the Annual Governance Statement (the part of the new CIPFA/SOLACE governance framework that subsumes the Statement on Internal Control) to be assigned proper practice status and therefore have statutory backing.

CIPFA has also confirmed that such status was assigned to the Annual Governance Statement from 1st April 2007. This means that it will formally replace its proper practice association with the Statement on Internal Control with effect from the 2007/8 reporting year. CIPFA's earlier proper practice document of April 2004, therefore, has now been replaced by the new governance framework.

3 2007/08 Annual Governance Statement

- 3.1 In essence, the Annual Governance Statement is now the formal statement that recognises, records and publishes an authority's governance arrangements as defined in the framework. It is a statement which has now subsumed the Statement on Internal Control just as the Statement on internal Control subsumed the statement on internal financial control from 2003/4.
- 3.2 It is because of the closeness of links between the Statement on Internal Control and the Annual Governance Statement that CIPFA/SOLACE have been keen to keep faith with the same 'assurance gathering process' (first introduced by CIPFA's earlier proper practice document in relation to the Statement on Internal Control) as the template around which the new governance statement should be compiled.
- 3.3 The assurance gathering process is now well-established at the Council and provides a structured link between strategic objectives and statutory requirements of the authority, and how these objectives are to be delivered. It identifies key controls that are deemed critical to the delivery of objectives and provides a formal review and risk assessment for the management and delivery of these key controls.

- 3.4 It is proposed to continue the process of mapping service objectives to risks and identifying controls in operation. This has linked together as one exercise, business planning, risk and control identification, thus minimising the administrative burden placed on Departments. The continuation of this approach will enable the Council to evidence the following parts of the Use of Resources assessment for 2008 carried out by the Audit Commission:

Key line of enquiry 4.2 – The council has arrangements in place to maintain a sound system of internal control.

- Level 2 – The council has conducted an annual review of the effectiveness of its governance framework, including the system of internal control, and reported on this in the governance statement.
- Level 3 – The council has put in place an assurance framework that maps the council's strategic objectives to risks, controls and assurances.
- Level 4 – The assurance framework is fully embedded in the council's business processes. The council can demonstrate corporate involvement in/ownership of the process for preparing the governance statement.

4. RECOMMENDATIONS

- 4.1 The process for compiling the Statement on Internal Control is continued in order to produce and Annual Governance Statement.
- 4.2 The Annual Governance Statement is reported to the Audit Committee for approval prior to it being published with the authority's accounts.