

CORPORATE AFFAIRS AND AUDIT COMMITTEE

A meeting of the Corporate Affairs and Audit Committee was held on 29 June 2017.

PRESENT: Councillors D Rooney (Chair), Biswas, Blyth, C Hobson, Hubbard and Storey

ALSO IN ATTENDANCE: H Fowler, Tees Valley Audit and Assurance Services (TVAAS)
N Wright and S Kenny, EY

OFFICERS: J Bromiley, A Johnstone, S Lightwing, M Padfield, B Roberts, J Shiel,

APOLOGIES FOR ABSENCE were submitted on behalf of Councillor R Brady.

DECLARATIONS OF INTERESTS

There were no Declarations of Interest at this point in the meeting.

1 MINUTES - CORPORATE AFFAIRS AND AUDIT COMMITTEE - 9 MARCH 2017

The minutes of the meeting of the Corporate Affairs and Audit Committee held on 9 March 2016 were taken as read and approved as a correct record.

2 DRAFT STATEMENT OF ACCOUNTS 2016/2017

The Strategic Director Finance, Governance and Support gave a detailed presentation in relation to the Statement of Accounts.

A report was presented for Members of the Corporate Affairs and Audit Committee to receive and review the draft Statement of Accounts for 2016/2017.

The Statement of Accounts was a technical publication containing accounting statements and notes prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting (the Code). The Code was updated annually and specified the accounting principles and practices to be followed by Local Authorities when preparing the Statement of Accounts.

The Statements were subject to audit by EY. The audit was due to take place during July and August 2017 and the final audited Statement of Accounts would be presented to this Committee for approval in September 2017 along with an ISA 260 report from the Auditors summarising any issues arising from the audit and any changes to the Accounts.

The Accounts highlighted the fact that the Council was in a sound financial position with the level of balances being in line with the Council's Medium Term Financial Plan.

The Council achieved a net revenue budget saving for 2016/2017 of £216K against a revenue budget of £115.9 million.

In response to queries raised at the meeting, Officers agreed to provide further information in relation to re-valuations and debts that had been written off.

AGREED that the draft Statement of Accounts 2016/2017 were approved.

3 INTERNAL AUDIT ANNUAL REPORT 2016/17

The Audit and Assurance Manager presented the draft Annual Report of Internal Audit which provided a summary of the internal audit work performed in the year 2016/2017 and expressed an opinion on the overall internal control environment in place within Middlesbrough Council.

The draft Annual Report also considered the internal audit performance outturn for 2016/2017 and the performance of Tees Valley Audit and Assurance Services against the Public Sector

Internal Auditing Standards (PSIAS). The final version of the report would be presented to the Corporate Affairs and Audit Committee in September 2017.

The Corporate Affairs and Audit Committee approved the 2016/2017 Audit Plan at their meeting on 30 June 2016 and the total planned audit days was 855. The provisional overall opinion of the Audit and Assurance Manager on the controls operating in Middlesbrough Council, based on the audit work performed and the audit reports issued (as detailed in Appendix 1 to the submitted report) was that they provided Good Assurance. The overall level of Good Assurance was based on the individual opinions of the internal audit reports issued from the 2016/2017 audit plan and other audit investigations.

The scope of much of the audit work during 2016/2017 was focussed on the setting up of a strong governance framework consisting of appropriate policies, procedures and frameworks for areas such as project and programme management, budgetary control and financial planning, land and property disposals and capital programme. Deloitte had provided positive feedback on progress made to date with the Council's Improvement Plan.

In response to a query in relation to the implementation of the Agresso system, the Audit and Assurance Manager stated that one of the key issues had been ensuring that there was someone on-site with responsibility for managing it and this was now in place.

AGREED that the Internal Audit Annual Report 2016/2017 was received and noted.

4 **ANNUAL INTERNAL AUDIT PLAN 2017/18**

The Audit and Assurance Manager presented the 2017-2018 Annual Internal Audit Plan for Middlesbrough Council.

A draft Plan was presented to the Corporate Affairs and Audit Committee in March 2017 and consultation had also taken place with the Chief Executive, the Strategic Director Finance, Governance and Support, Departmental Management Teams and the External Auditor.

The content of the internal audit plan was risk based and the basis for the risk assessment was the Council's corporate and directorate risk registers and the service's own prepared fraud and loss risk assessment. The content of the plan was also influenced by a variety of sources including: the Council's Plan and key priorities, key risks, new processes and systems, fraud and loss risk self-assessment, networking with other local authorities, areas of previous weakness, insurance claim data and trends and specific requests from the Chief Executive, Chief Officers, Service Managers and the Corporate Affairs and Audit Committee.

The available budget for 2017/2018 internal audit was just over £180K. The summary of the Plan which was included at Appendix 1 to the submitted report included 855 audit days which could be delivered within the budget. Progress against the final version of the Plan would be reported to DMT/LMT and the Corporate Affairs and Audit Committee by the Audit and Assurance Manager throughout the financial year.

It was noted that an audit from the previous year had been deferred and a Member queried whether this audit would be prioritised in the forthcoming year. The Internal Auditor explained that it would depend on the priority, what the scope of the audit was and whether the original situation had now changed. The key consideration was for the work completed to add value.

In terms of prioritising audits, this was agreed in consultation with the individual service managers and Directors.

It was also highlighted that customer satisfaction surveys were issued following completion of all audits.

AGREED that the Annual Internal Audit Plan 2017/2018 was approved.

5 **AUDIT PLANNING REPORT – YEAR ENDING 31 MARCH 2017**

At the meeting of the Corporate Affairs and Audit Committee held on 9 March 2017 the Audit Planning Report - Year ending 31 March 2017, was presented by the External Auditor. Unfortunately the report provided with the Committee papers was incomplete and Members asked for it to be re-circulated with the agenda for this meeting.

NOTED

6 PROPOSED RE-DESIGNATION OF THE BETTER HEALTH PROGRAMME JOINT HEALTH SCRUTINY COMMITTEE

A report of the Strategic Director Finance, Governance and Support was presented to seek Members' approval to the re-designation of the Better Health Programme Joint Health Scrutiny Committee as the Durham, Darlington and Teesside, Hambleton Richmondshire and Whitby Joint Health Overview and Scrutiny Committee.

In accordance with the regulations detailed in the report, the new Joint Committee would be the vehicle through which the respective Local Authorities would respond to the STP (Sustainable Transformation Plan) consultation. Individual member Councils' designated Health and Overview Scrutiny Committees would be required to provide information and representations in respect of any consultations as it impacted upon their residents to the Joint Health Overview and Scrutiny Committee via its nominated representatives.

AGREED as follows:

1. The report was received and noted.
2. The Better Health Programme Joint Health OSC was re-designated to the Durham, Darlington and Teesside, Hambleton Richmondshire and Whitby Joint Health Overview and Scrutiny Committee under the terms of the Health and Social Care Act 2012.
3. The proposed Protocol, Terms of Reference and membership of the re-designated Joint Health Scrutiny Committee as detailed at Appendix 2 to the submitted report were approved.