

AUDIT COMMITTEE

23rd March 2012

PRESENT - Councillor Baldwin (in the Chair); Councillors Johnson and McEwan, and Mr. J. Morton. (4)

APOLOGIES –

OFFICERS – Brian James, Head of Corporate Assurance, Ian Miles, Head of ICT and Design & Print, Xentrall, and Peter McCann, Information Security Manager, Xentrall.

ALSO IN ATTENDANCE – Simon Clegg, PricewaterhouseCoopers, and Stacey McKeen, PricewaterhouseCoopers.

A32. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A33. MINUTES – RESOLVED – That the Minutes of the meetings held on 16th December 2011 and 24th January 2012, having been circulated, be taken as read and approved as a correct record.

A34. AUDIT OF XENTRALL – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL’S INTERNAL AUDIT SECTION AGAINST THE AUDIT PLAN FOR 2011/12 AND THE PROPOSED PLAN FOR 2012/13 – The Director of Resources submitted a report (previously circulated) together with a report (also previously circulated) of the Financial Planning and Internal Audit Manager of Stockton Borough Council outlining the progress made against the 2011/12 Xentrall Audit Plan and the proposed Xentrall Audit Plan for 2012/13.

RESOLVED – That the progress report and the proposed Audit Plan for 2012/13 be noted.

A35. ICT STRATEGY – IMPLEMENTATION PROGRESS REPORT – The Head of ICT and Design and Print submitted a report (previously circulated) on the progress in relation to the implementation of the ICT Strategy.

It was reported that the ICT Strategy focussed on five strategic priorities which included ICT Service Development; ICT Governance; ICT Strategic Architecture; Business Change Programme; and ICT Competent Workforce and Members. Details of the progress against the key activities within each of these priorities was included in the submitted report.

RESOLVED – That the progress on the implementation of the ICT Strategy be noted.

A36. INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT – The Director of Resources submitted a report (previously circulated) on the progress and planned developments of the Information Governance Programme.

The submitted report stated that information governance was an ‘above the line’ risk on the corporate risk register, and had been recently highlighted as an area of concern for all Local Authorities in a letter to Local Authority Chief Executives from the

Permanent Secretary for the Department of Communities and Local Government (DCLG) and the Information Commissioner's Office (ICO). It was reported that the concerns expressed in the letter were being addressed through the Council's information governance programme.

The submitted report outlined progress in the delivery of each strand of the information governance programme, namely information security policy; information risk assessment; information governance training and awareness; information classification and handling; information sharing; information security incidents; and data quality, and addressed issues in relation to the transfer of Public Health responsibilities to local authorities and the transparency agenda.

RESOLVED – That the progress on the implementation of the Information Governance Programme be noted.

A37. ANNUAL CERTIFICATION REPORT 2010/11 – The Director of Resources submitted a report (previously circulated) together with a report (also previously circulated) produced by PricewaterhouseCoopers (PwC), the Council's external auditors which summarised the high level results of their grants certification testing.

It was reported that the external audit work undertaken identified that, out of the eight claims and returns certified, two had been amended, and two had been qualified. It was reported that PwC had no prescribed materiality threshold and therefore it was noted that none of the reported amendments or qualifications had any monetary effect on the claims total of £83,886,046.09.

RESOLVED – (a) That the report be noted.

(b) That the proposed Management Action Plan for 2010/11, as set out in Appendix B, be noted.

(c) That the progress made in implementing the 2009/10 Action Plan, as set out in Appendix C, be noted.

A38. EXTERNAL AUDIT PLAN 2011/12 – The Director of Resources submitted a report (previously circulated) together with a copy of the 2011/12 External Audit Plan (also previously circulated), which had been prepared by the Council's appointed external auditors PricewaterhouseCoopers (PwC) following discussion with Officers.

On presenting the Plan, the external auditors made particular references to the significant and elevated risks; the approach to the Audit; the audit budget and level of fees; and outlined other engagement information.

RESOLVED – That the External Audit Plan for 2011/12 be noted.

A39. AUDIT SERVICES ANNUAL AUDIT PLAN 2011/12 – PROGRESS REPORT – The Head of Corporate Assurance submitted a report (previously circulated) outlining the progress made during the first eleven months of the year against the 2011/12 Annual Audit Plan.

It was reported that the Audit assignment work undertaken since December 2011, had resulted in a substantial assurance opinion for two primary schools, and that limited

assurance opinions resulted from the audit reviews of Registrars, Estates, Head of Steam, and Sub-Contracting Tendering Arrangements, however it was stated that management had responded positively to audit findings and action plans had been agreed to deliver the improvements required. In addition, it was reported that the annual audit of the TM Barron Charity Fund accounts had been completed in accordance with Charity Commission requirements.

It was also reported that in relation to Audit Services' key performance indicators, the position was positive.

RESOLVED – That the progress against the 2011/12 Annual Audit Plan be noted.

A40. AUDIT SERVICES – ANNUAL AUDIT PLAN 2012/13 – The Head of Corporate Assurance submitted a report (previously circulated) together with the Audit Services' Audit Plan for 2012/13 and associated performance indicators (also previously circulated).

It was reported that the Plan, which had been formulated following consultation with the Chief Officers' Executive, Chief Officers' Board and external audit, was risk based and had been developed with reference to corporate and group risk registers and to the identification and prioritisation of auditable areas based on an assessment of their exposure to risk pertaining to the achievement of objectives and that progress against the Plan and the performance measures would be reported to this Committee during the year.

RESOLVED – (a) That the Audit Services' Audit Plan for 2012/13, as appended to the submitted report, be approved.

(b) That the performance indicators to monitor the operational performance of Audit Services, as appended to the submitted report, be noted.

A41. ANNUAL RISK MANAGEMENT REPORT 2011/12 – The Director of Resources submitted a report (previously circulated) to update Members on the approach to, and outcomes from, the Risk Management processes for 2011/12.

The submitted report stated that positive progress continued to be made within the Authority in relation to the management of key strategic risks, and in the work conducted by the Operational Risk Management Groups to manage operational risk.

RESOLVED – That the report be noted.