

## AUDIT COMMITTEE

23<sup>rd</sup> September, 2010

**PRESENT** - Councillor Baldwin (in the Chair); Councillor A. Scott and Mr. J. Morton (3)

**APOLOGIES** – Councillor Johnson.

**ABSENT** –

**OFFICERS** – Brian James, Head of Corporate Assurance, Peter Carrick, Financial Services Manager, Elaine Hufford, Financial Services Manager, Corporate Services Department, Ian Miles, Head of ICT, Print and Design and Joanne Skelton, Health and Safety Officer.

**ALSO IN ATTENDANCE** – Janet Eilbeck, Paul Harrison and Simon Clegg, PricewaterhouseCoopers

**A15. DECLARATIONS OF INTEREST** – There were no declarations of interest reported at the meeting.

**A16. MINUTES – RESOLVED** – That the Minutes of the meeting of this Committee held on 25<sup>th</sup> June, 2010, having been circulated, be taken as read and approved as a correct record.

**A17. ICT STRATEGY – IMPLEMENTATION PROGRESS REPORT** – The Head of ICT, Design and Print submitted a report (previously circulated) on the good progress in relation to the implementation of the ICT Strategy.

It was reported that the ICT Strategy focussed on five key programmes which included the delivery of a robust core architecture on which to deliver the service, the provision of flexible and efficient mobile and office based technologies, the implementation of a robust and secure information management process and systems, the management of a robust governance framework for ICT projects and investments and the advancement of standards and procedures within ICT with the aim of delivering excellent services.

Details of the progress against the key activities within each of the five programmes was included in the submitted report and particular references were made to the virtualisation programme and the financial benefits of the server consolidation programme, the use of Government Connect to ensure secure methods of working and the recent IT connection issues in Darlington and the reasons for that.

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

**A18. CORPORATE HEALTH AND SAFETY REPORT 2009/10** – The Director of Corporate Services submitted a report (previously circulated) advising Members of the performance on health and safety within the Authority together with both progress and future actions associated with the implementation of the Council's plans for health and safety management.

The submitted report outlined the approach to occupational health and safety adopted by the Corporate Health and Safety Unit which had, to date, proved to be effective with the continuing

year on year reductions in accidents, lost time as a result of accidents and insurance claims across the Authority.

Particular reference was made to the main focus on the work which had remained in schools and the Community Services Department; the reduction in accidents reported to the Health and Safety Executive since 2003/04, although there had been a slight increase over the last twelve months; the OHSAS 18001 compliance within Building Services and Environmental Services and the award of the RoSPA Gold Safety Award.

Members commented on the positive work undertaken within the Health and Safety Unit over recent years.

**RESOLVED** – That the progress to date and key planned actions for 2010/11 be noted.

**A19. TREASURY MANAGEMENT BENCHMARKING – SECURITY, LIQUIDITY AND YEILD** - Following a request by Members at a previous meeting of the Audit Committee, the Director of Corporate Services submitted a report (previously circulated) providing Members with details of outturn relating to the benchmarking of investments up to the end of August 2010 against the benchmarks set for 2010/11 for the Security, Liquidity and Yield of Investments.

**RESOLVED** – That the report be received.

**A20. RISK MANAGEMENT – PROGRESS REPORT 2010/11** – The Director of Corporate Services submitted a report (previously circulated) updating Members on the approach to and outcomes from the Risk Management process.

It was reported that positive progress continued to be made within the Authority regarding the management of key strategic risks and with the work undertaken by the Corporate Risk Management Group to manage operational risk.

Following a question by a member in relation to the Council's legionella sampling programme, it was reported that this was undertaken as part of the Corporate Premises maintenance programme.

**RESOLVED** – That the report be noted.

**A21. AUDIT OF ACCOUNTS 2009/10** - The Director of Corporate Services submitted a report (previously circulated) providing Members with information on the outcome of the audit of the Council's 2009/10 accounts and the Value for Money conclusion and seeking approval to conclude the accounts based on Officers recommendations, with regard to issues arising from the Audit.

It was reported that the draft Statement of Accounts for 2009/10 had been approved by the Audit Committee in June 2010 and, in accordance with statutory requirements, had subsequently been audited by the Council's external auditors, PricewaterhouseCoopers (PWC).

The submitted report referred to a small number of unadjusted misstatements in the accounts and the reasons for those misstatements and as none of the items concerned were material in the context of the Statement of Accounts as a whole, the Officers proposed not to adjust the accounts.

A copy of PWC's report on the results of their audit on the 2009/10 accounts and their Value for Money conclusion was appended to the submitted report. Janet Eilbeck from PWC re-iterated the independence of PWC as the Council's external auditors and advised Members that all of the audit work on the Council's accounts had been completed with a few exceptions and that it was likely that an unqualified audit opinion would be issued. In relation to the outstanding works, it was reported that if any significant matters arose through the completion of those works, an update would be submitted to a future meeting of this Audit Committee.

Particular reference was made to a number of accounting issues which had been identified and addressed during the audit; queries raised by the electorate, particularly in relation to the Pedestrian Heart Scheme and subsequent improvements made by the Authority to its capital project management arrangements, the abolition of the comprehensive area assessment and the ceasing of work on the Use of Resources assessment as a result of that and the audit fees for 2009/10.

**RESOLVED** – (a) That the Auditors ISA 260 report on the Council's 2009/10 financial statements be noted.

(b) That the accounts be not adjusted in respect of the items listed in table 1 of the submitted report.

(c) That this Audit Committee has considered the draft management representation letter, as appended to the submitted report, and is comfortable with the representations proposed therein, including those in respect of the unadjusted misstatements.

**A22. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)** – The Director of Corporate Services submitted a report (previously circulated) advising Members of the substantial progress made on the implementation of the International Financial Reporting Standards (IFRS).

The submitted report outlined the actions which the Council needed to undertake to ensure IFRS compliance accounts by 2010/11 and referred to an Action Plan which had been produced (also previously circulated) to ensure that the Council complied with the relevant timescales and gave a step by step approach, which included a requirement to keep those charged with governance informed of the whole process.

**RESOLVED** – That the report be noted.

**A23. AUDIT OF XENTRALL – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL'S INTERNAL AUDIT SECTION AGAINST THE AUDIT PLAN FOR 2010/11** – The Director of Corporate Services submitted a report (previously circulated) together with a report (also previously circulated) of the Chief Internal Auditor outlining the progress made against the 2010/11 Xentrall Audit Plan.

**RESOLVED** – That the progress report be noted.

**A24. AUDIT SERVICES ANNUAL AUDIT PLAN 2010/11 – PROGRESS REPORT** – The Head of Corporate Assurance submitted a report (previously circulated) outlining the progress made during the first five months of the year against the 2010/11 Annual Audit Plan.

It was reported that Audit Assignment work had resulted in a full assurance opinion for Treasury Management, substantial assurance opinions for the Corporate Income System (Departmental

Controls) and Independent Sector payments and a limited assurance opinion from an audit review of the Dolphin Leisure Centre, which had been positively responded to by the management and an action plan developed to deliver the required improvements. In relation to consultancy/contingency activity much of the focus had been on special investigation work and with regard to performance indicators, the position was positive.

**RESOLVED** – That the progress report against the 2010/11 Annual Audit Plan be noted.