

AUDIT COMMITTEE

18th March, 2016

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

APOLOGIES –

ABSENT –

OFFICERS – Ian Miles, Assistant Director Xentrall Shared Services, Brian McGuire, Audit Manager, Peter McCann, ICT Security Manager and Andrew Barber, Audit and Risk Manager, Stockton Borough Council.

ALSO IN ATTENDANCE – Nicola Wright and Stuart Kenny, Ernst Young LLP

A35. DECLARATIONS OF INTEREST – Councillor Baldwin declared a non-prejudicial interest in Minute A40 below as his son worked in the Housing Benefits Section. There were no other declarations of interest reported at the meeting.

A36. MINUTES – RESOLVED – That the Minutes (previously circulated) of meetings of this Committee held on 18th December, 2015 and 29th January, 2016 be taken as read and approved as a correct record.

A37. AUDIT OF XENTRALL – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL'S INTERNAL AUDIT SECTION AGAINST THE AUDIT PLAN FOR THE CURRENT YEAR AND THE PROPOSED PLAN FOR 2016/17 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a report (also previously circulated) of the Audit and Risk Manager of Stockton Borough Council outlining the progress made against the 2015/16 Xentrall Audit Plan and the proposed Xentrall Audit Plan for 2016/17.

RESOLVED – That the progress report and the proposed Audit Plan for 2016/17 be noted.

A38. ICT STRATEGY – IMPLEMENTATION PROGRESS REPORT – The Assistant Director, Xentrall Shared Services 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 Development and ICT Competent Workforce. Details of the progress against the key activities within each of the priorities were included in the submitted report.

Reference was made to any future plans to develop the most effective digital channels of communication in relation to customer engagement with the Authority and to the role of the Systems and Information Governance Group (SIGG) in overseeing and approving the ICT work plan which covered all service based and corporate ICT projects.

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

A39. INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT - The Director of Neighbourhood Services and 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 outlined progress on the implementation of the information governance programme, which would provide the assurance required and reduce the Council’s information risks to an acceptable level.

It was reported that the area of highest priority for the information governance programme was the completion of the information risk assessments and the timely delivery of the associated improvement actions plans. The Information Risk Assessment Controls checklist had been rolled out to all services to be completed by Heads of Services with Assistant Directors taking responsibility for approving the implementation and delivery of the action plans.

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

(b) That information on the progress on the completion of the information risk assessments and the draft Improvement Action Plans be reported to the next ordinary meeting of this Committee.

(c) That information on the number and trends of information security data breaches be included in future Information Governance reports to this Committee.

A40. REVENUES AND BENEFITS ANNUAL COUNTER FRAUD ACTIVITY REPORT 2015/16 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) informing Members of the work of the Revenues and Benefits in respect of counter fraud activity for the financial year 2015/16.

It was reported that although the Department for Works and Pensions had overall responsibility for the scope and structure of the Housing Benefit scheme, the Council had day-to-day responsibility for its administration. In addition, the Council was also responsible for the Council Tax support, Council Tax and Business Rates discount and exemption counter fraud activities and the submitted report outlined the work undertaken in relation to those areas.

The Revenues and Benefits service continued to maintain its commitment to counter fraud activity across a range of benefits, discounts and exemptions and that this was illustrated by the continued level of successful inspections and reviews undertaken in 2015/16.

RESOLVED – That the Revenues and Benefits Counter Fraud Activity Report for 2015/16 be noted.

A40. REVIEW OF ANTI-FRAUD AND CORRUPTION ARRANGEMENTS – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) outlining the outcomes from the Council’s corporate anti-fraud and corruption arrangements.

The submitted report detailed the positive position with regard to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption completed self-assessment check list and it concluded that the Council’s anti-fraud and corruption arrangements remained appropriate and fit for purpose when compared to national good practice guidance.

RESOLVED – That the report be noted.

A41. AUDIT SERVICES ANNUAL AUDIT PLAN 2015/16 – 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 2015/16 Annual Audit Plan.

It was reported that the audit assignment work undertaken since December 2015, had resulted in substantial assurance opinions in respect of Local Taxation, Housing Rents, Payroll, Grants and Community Safety. A limited insurance opinion resulted from the audit review of Registrar of Births, Deaths and Marriages, Creditors and Inventories, however, it was stated that management had responded positively to audit findings and an action plan had been agreed to deliver the improvements required.

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

RESOLVED – That the progress against the 2015/16 Annual Audit Plan be noted.

A42. EXTERNAL AUDIT PLAN 2015/16 –The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a copy of the 2015/16 External Audit Plan (also previously circulated) and an update on the revised approach to the value for money assessment which had been prepared by the Council’s appointed external auditors Ernest Young (EY) following discussion with Officers.

Nicola Wright from EY advised Members of the content of the Plan; outlined the role of this Audit Committee in relation to the risk of fraud; highlighted its current assessment of the financial statement risks facing the Council and detailed the proposed level of uncorrected audit misstatements which would be reported to this Committee.

RESOLVED – (a) That the External Audit Plan for 2015/16 and the revised Value for Money assessment be noted.

(b) That the proposed level of reporting of uncorrected audit misstatements for 2015/16 be approved.

A43. AUDIT SERVICES ANNUAL AUDIT PLAN 2016/17 - The Head of Corporate Assurance submitted a report (previously circulated) together with the Audit Services’ Audit Plan for 2016/17 and associated performance indicators (also previously circulated).

It was reported that the Plan 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 will be reported to this Committee during the year.

Particular reference was made to the staffing levels within the Audit Services Section which was currently 4.3 full-time equivalent staff and to the level of work undertaken with limited resources.

RESOLVED – (a) That the Audit Services’ Audit Plan for 2016/17, 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.

(c) That the thanks of this Committee be extended to the Head of Corporate Assurance and his staff on the work undertaken.