

AUDIT COMMITTEE

26th March, 2010

PRESENT - Councillor A. Scott (in the Chair); Councillor Johnson. (2)

APOLOGIES – Councillor Baldwin

ABSENT – Mr. J. Morton.

OFFICERS – Brian James, Head of Corporate Assurance, Peter Carrick, Accounting Services Manager, Oliver Plumpton, Assistant Head of ICT (Technology Services) Xentrall Shared Services, and Andrew Barber, Senior Audit Team Manager, Stockton Borough Council

ALSO IN ATTENDANCE – Paul Harrison, PriceWaterhouseCoopers.

A36. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A37. MINUTES – RESOLVED – That the Minutes of the meetings of this Committee held on the 18th December, 2009 and 22nd January, 2010, having been circulated, be taken as read and approved as correct records.

A38. AUDIT OF XENTRALL – PROGRESS REPORT – The Director of Corporate Services submitted a report (previously circulated) together with a report (also previously circulated) of the Chief Internal Auditor of Stockton Borough Council outlining the progress made against the 2009/10 Xentrall Audit Plan and the proposed Xentrall Audit Plan for 2010/11.

Particular reference was made to the increased number of days in 2011/12 to undertake in-depth internal audit work in respect of Creditors; an amendment to the submitted report in relation to the audit of Absence management; and the current situation in relation to the on-going audit of ICT disaster recovery.

RESOLVED – That the progress report and the proposed Audit Plan for 2010/11 be noted.

A39. ICT STRATEGY PROGRESS REPORT – The Head of ICT and Design and Print 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 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 robust and secure information management processes 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 discussion ensued on measures to ensure ICT Business Continuity; compatibility differences with software and the need for a rolling programme of work to be undertaken to ensure a smooth roll out of new software and options being looked at for remote working.

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

A40. INTERNATIONAL FINANCIAL REPORTING STANDARDS – UPDATE REPORT – The Director of Corporate Services submitted a report (previously circulated) updating Members on the progress being made on the implementation of the International Financial Reporting Standards (IFRS). The submitted report outlined the background to the development of the IFRS which had been developed to meet the need for consistent financial reporting across international boundaries, primarily in relation to the private sector.

It was reported that, in order to be prepared for IFRS compliance by 2010/11, the Council needed to revise its accounting policies, change the format of its financial statements and include a significant number of additional disclosures as well as restating its 2009/10 comparative figures on an IFRS basis. An Action Plan which had been produced to ensure that the Council complied with the relevant timescales, included as an Appendix to the report, highlighted the substantial progress which had been made to ensure that the Council was prepared for the introduction of IFRS.

RESOLVED – That the report be noted.

A41. ANNUAL CERTIFICATION REPORT 2008/09 – The Director of Corporate Services 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 nine claims certified, five had been amended, qualified or amended and qualified, although the majority of the amendments or qualifications were for relatively minor amounts.

In presenting the report, Paul Harrison from PwC highlighted that the report had been presented in prescribed format and he confirmed that there had been no significant amendments or qualifications and was satisfied with the way in which the Council managed its grants.

RESOLVED – That the report be noted.

A42 AUDIT SERVICES ANNUAL AUDIT PLAN 2009/10 – 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 2009/10 Annual Audit Plan

References were made to the outcome of the Audit Assignments undertaken and those in progress; significant outputs for consultancy/corporate arrangements work contingency activity carried out; and results or year-end projections of the Audit Services' Performance Indicators.

It was reported that all operational targets would be achieved with the exception of completed audit assignments relative to the agreed Audit Plan. This exception was explained by an instance of long-term sickness, the granting of a request by an Audit Manager to work reduced hours and work required on special investigation cases.

RESOLVED – That the progress report against the 2009/10 Annual Audit Plan be noted.

A43. AUDIT SERVICES – ANNUAL AUDIT PLAN 2010/11 – The Head of Corporate Assurance submitted a report (previously circulated) together with the Audit Services' Audit Plan for 2010/11 and associated performance indicators (also previously circulated).

It was reported that the Plan was risk based and had been developed with reference to corporate and departmental 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 performance measures would be reported to this Committee during the year.

RESOLVED – (a) That the Audit Services’ Audit Plan for 2010/11, as appended to the submitted report, be approved.

(b) That the performance indicators to monitor the effectiveness of the Council’s internal control environment and the operational performance of Audit Services, as appended to the submitted report, be noted.

A44. EXTERNAL AUDIT PLAN 2009/10 – The Director of Corporate Services submitted a report (previously circulated), together with a copy of the 2009/10 external Audit Plan (also previously circulated), which had been prepared by the Council’s external auditors PricewaterhouseCoopers (PwC) following discussion with Officers.

Paul Harrison from PwC, presented the Plan to Members and particular references were made to the approach to be taken in relation to four risks which the external auditors felt might be significant and four other risks; the members of the external audit team and their independence from the Council; the timescales for delivery of the outputs of audits undertaken and the audit budget and level of fees.

RESOLVED – That the External Audit Plan for 2009/10 be noted.

A45. ANNUAL RISK MANAGEMENT REPORT 2009/10 – The Director of Corporate Services submitted a report (previously circulated) updating Members on the approach to and outcomes from the Risk Management processes for 2009/10.

It was reported that positive progress continued to be made within the Authority regarding the management of key strategic risks and with the work being undertaken by the Corporate Risk Management Group to manage operational risks and that pro-active risk management work had once again this year received external recognition at European and national level.

RESOLVED – That the Risk Management report be noted.