

AUDIT COMMITTEE

22nd March, 2013

PRESENT - Councillor Baldwin (The Mayor) (in the Chair); Councillor Johnson and Mr. J. Morton. (3)

APOLOGIES – Councillor McEwan

ABSENT –

OFFICERS – Brian James, Head of Corporate Assurance, Ian Miles, Head of ICT and Design and Print, Peter McCann, ICT Security Manager, Stephen Winship and Andrew Barber Stockton Borough Council Internal Audit.

ALSO IN ATTENDANCE – Greg Wilson and Simon Clegg (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 14th December, 2012 and 18th January, 2013, having been circulated, be taken as read and approved as correct records.

A34. AUDIT OF XENTRALL – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL’S INTERNAL AUDIT SECTION AGAINST THE AUDIT PLAN FOR 2012/13 AND THE PROPOSED PLAN FOR 2013/14 – 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 2012/13 Xentrall Audit Plan and the proposed Xentral Audit Plan for 2013/14.

RESOLVED – That the progress report and the proposed Audit Plan for 2013/14 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. Detail of the progress against the key activities within each of these priorities was included in the submitted report.

Particular reference was made to the development of a Systems and Information Strategy which would ensure that investment in service based ICT systems was correctly targeted, the key themes of that Strategy and the role of the Chief Officers Board in its implementation.

Discussion also ensued on the outcome of the recent ICT user survey and it was requested that the common themes arising from that survey be reported back to Members and that a Guide be issued to Members on the use of their own devices for Council business.

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 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.

It was reported that progress continued to be made in relation to the Information Governance Programme but that progress was gradual given a background of re-organisation and financial constraint.

Members also expressed concern in relation to the number of staff who had access to the policy management system who had still to complete the Information Security Module and it was requested that the Directors of Place, People and Resources be advised of the concern of this Committee and that they ensure that all staff who have access to the system complete the module as a matter of urgency.

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

A37. ANNUAL CERTIFICATION REPORT 2011-12 – 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 had identified that, out of the five claims and returns certified, two had been amended, and one 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 £84,519,525.07.

Particular reference was made to the Housing and Council Tax Benefits Scheme 2011/12 and it was reported that the Department for Work and Pensions had asked the external auditors and management to perform some additional work in relation to the qualification letter submitted. Following the completion of this work there were no additional issues raised.

RESOLVED – (a) That the report be noted

(b) That the proposed Management Action Plan for 2011/12, as set out in Appendix B, be noted.

(c) That the progress made in implementing the 2010/11 Action Plan, as set out in Appendix C, be noted.

A38. AUDIT SERVICES ANNUAL AUDIT PLAN 2012/13 – 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 2012/13 Annual Audit Plan.

It was reported that the Audit assignment work undertaken since December 2012, had resulted in substantial assurance opinions for Sales Ledger; Balance Sheet Management, Payroll, Dolphin Centre Catering and Countryside and Allotments. Limited assurance opinions resulted from the audit reviews of the Dolphin Centre, and Group Creditors, however, it was stated that management had responded positively to audit findings and action plans 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 2012/13 Annual Audit Plan be noted.

A39. EXTERNAL AUDIT PLAN 2012/13 – The Director of Resources submitted a report (previously circulated) together with a copy of the 2012/13 External Audit Plan (also previously circulated) which had been prepared by the Council's appointed external auditors PricewaterhouseCoopers (PwC), following discussion with Officers.

Gregg Wilson from PWC advised Members of the content of the Plan and outlined the role of this Audit Committee in relation to the risk of fraud.

RESOLVED – That the External Audit Plan for 2012/13 be noted.

A40. AUDIT SERVICES – ANNUAL AUDIT PLAN 2013/14 – The Head of Corporate Assurance submitted a report (previously circulated) together with the Audit Services' Audit Plan for 2013/14 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 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 public sector internal audit standards that had been devised by CIPFA, the Chartered Institute of Internal Auditors and other internal audit standard setters which were to apply from 1st April, 2013.

RESOLVED – (a) That the Audit Services' Audit Plan for 2013/14, 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 2013/14 – The Director of Resources submitted a report (previously circulated) to update Members on the approach to and the outcomes, from the Council's Risk Management processes for 2012/13.

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 undertaken by the Operational Risk Management Groups to manage operational risk.

RESOLVED – That the report be noted.