

AUDIT COMMITTEE

30th September, 2013

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

APOLOGIES – Councillor Johnson (The Mayor).

OFFICERS – Brian James, Head of Corporate Assurance; Peter Carrick, Central Finance Manager, Joanne Skelton, Health and Safety Manager, Darlington Borough Council and Ian Miles, Head of ICT and Design and Print, Xentrall Shared Services and Andrew Barber Senior Audit Team Manager, Stockton Borough Council. (5)

ALSO IN ATTENDANCE – Gregg Wilson and Simon Clegg, Pricewaterhouse Coopers.

A12. - DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A13. MINUTES – RESOLVED – That the Minutes (previously circulated) of the meeting of this Committee held on 28 June, 2013, be taken as read and approved as a correct record.

A14. AUDIT OF XENTRALL – PROGRESS REPORT FROM STOCKTON BOROUGH COUNCIL’S INTERNAL AUDIT SECTION AGAINST THE AUDIT PLAN FOR 2013/14 – The Director of Resources submitted a report (previously circulated) together with a report (also previously circulated) of the Senior Audit Team Manager from Stockton Borough Council outlining the progress made against the 2013/14 Xentrall Audit Plan.

Particular reference was made to an additional layer of audit opinion which had been introduced for 2013/14 which had been termed ‘Moderate Assurance’ and which sat between ‘Limited’ and ‘Substantial’ Assurance, together with the reasons for that change and to an on-going Audit Assignment in relation to Business Continuity and Disaster Recovery which it was reported would be completed in January 2014.

RESOLVED – That the progress report be noted.

A15. 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 key programmes which included the ICT Service Development, ICT Governance, ICT Strategic Architecture, the Business Change Programme and ICT Competent Workforce and Members. Details of the progress against each of the key activities with the five programmes were included in the submitted report.

It was reported that the service was still continuing to work towards the ISO2599 Standard and that management systems were in place, however, due to financial constraints, it had been decided to cease final certification. Discussion ensued on the possibility of this Audit Committee receiving progress reports on the business continuity

arrangements and testing undertaken as part of future progress reports to enable Members to be assured of the arrangements.

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

A16. CORPORATE HEALTH AND SAFETY REPORT 2012/13 – The Director of Resources submitted a report (previously circulated) advising Members of the performance of 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.

Particular references were made to a two day inspection by the Health and Safety Executive in July 2013 and to the positive feedback following that inspection; the establishment of a Health and Safety Management Project which had focussed on making improvements to the health and safety culture and ownership at all levels within the Organisation; and the relevant indicators which showed continual improvement in accidents and lost time as a result of accidents.

RESOLVED – That the progress to date and the key planned actions for 2013/14 be noted.

A17. AUDIT OF ACCOUNTS 2012/13 – The Director of Resources submitted a report (previously circulated) providing Members with information on the outcome of the audit of the Council's 2012/13 accounts and the Value for Money assessment and seeking approval to conclude the accounts based on Officers recommendations, with regard to key issues arising from the audit.

The submitted report referred to one unadjusted misstatements in the accounts and the reason for that misstatement and it was reported that, following discussion with PwC, the Council's external auditors, it was considered that the item was not material individually, or collectively, in the context of the Statement of Accounts as a whole, and it was not proposed to adjust it in the accounts.

It was reported that, in accordance with statutory requirements, the Council's external auditors, PricewaterhouseCoopers, had audited the accounts and a copy of the report which outlined the results of their audit on the accounts and the Value for Money conclusions was appended to the submitted report. Gregg Wilson from PricewaterhouseCoopers advised Members that the audit work on the accounts had been completed and an unqualified audit opinion had been issued.

It was also reported that, since the circulation of the Statement of Accounts 2012/13 with the papers for this meeting, a number of minor technical corrections had subsequently been identified during the audit and a summary of those corrections was circulated at the meeting for Members information.

RESOLVED – (a) That the Auditors ISA 260 report on the Council's 2012/13 financial statements be noted.

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

(c) That, subject to the corrections (circulated at the meeting) being made, the IFRS compliant Statement of Accounts for the 2012/13 financial year be approved

A18. 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.

It was reported that information governance remained an ‘above the line’ risk on the corporate risk register and the submitted report outlined progress in delivery of each strand of the information governance programme, namely information security policy; information risk assessment and improvement action plan; information governance training and awareness; information classification and handling; information sharing; information security incidents and data quality and also addressed issues in relation to the transfer of Public Health responsibilities to local authorities and the transparency agenda.

It was reported that the Council continued to make steady progress on the delivery of the information governance programme against a background of re-organisation and financial constraint and that information risk management was critical to the effective implementation of the Programme with significant progress being made in that area and action plans being developed by Heads of Service to ensure improvements were implemented across services effectively and in a timely manner.

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

A19. AUDIT SERVICES ANNUAL AUDIT PLAN 2013/14 – 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 2013/14 Annual Audit Plan.

It was reported that the Audit Assignment work had resulted in substantial assurance opinions in respect of VAT, three primary schools, Car Parks, Civic Theatre Box Office, Environmental Health and Building Control. A limited assurance opinion resulted from the audit review of the Civic Theatre Front of House but management had responded positively to audit findings and actions plans had been agreed to deliver the required improvements. In relation to Audit Services’ key performance indicators, the position was positive.

RESOLVED – That the progress report against the 2013/14 Annual Audit Plan be noted.

A20. ANNUAL GOVERNANCE STATEMENT – ADDITION – The Director of Resources submitted a report (previously circulated) requesting that consideration be given to an addition to the Annual Governance Statement which had been previously approved by this Committee in June 2013.

The submitted report outlined the background to the proposed addition which reflected the outcome of the Corporate Peer Challenge which was undertaken in early June 2013.

RESOLVED – That the addition to the Annual Governance Statement, as appended to the submitted report, be approved.

A21. HALF-YEARLY RISK MANAGEMENT REPORT 2013/14 – The Director of Resources submitted a report (previously circulated) updating Members on the approach to and outcomes from the Council's Risk Management Processes.

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 Groups to manage operational risks.

RESOLVED – That the report be noted.