

## **AUDIT COMMITTEE**

27<sup>th</sup> March, 2015

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

**APOLOGIES** – Councillor McEwan

**ABSENT** –

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

**ALSO IN ATTENDANCE** – Claire Mellons, PriceWaterhouseCoopers

**A31. DECLARATIONS OF INTEREST** – Councillor Baldwin, declared a non-prejudicial interest in Minute A36 below as his son had been involved in the Housing Benefits grant certification testing. There were no other declarations of interest reported at the meeting.

**A32. MINUTES – RESOLVED** – That the Minutes (previously circulated) of meetings of this Committee held on 19<sup>th</sup> December, 2014 and 6<sup>th</sup> February, 2015, be taken as approved as correct records.

**A33. 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 2015/16** - 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 2014/15 Xentrall Audit Plan and the proposed Xentrall Audit Plan for 2015/16.

**RESOLVED** – That the progress report and the proposed Audit Plan for 2015/16 be noted.

**A34. 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 Development and ICT Competent Workforce. Details of the progress against the key activities within each of the priorities were included in the submitted report.

Particular reference was made to the piloting of an End User Computer team which would assist ICT users and help deliver a ‘smarter office’ across the Council and the availability of this service to Members.

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

**A35. 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 included the approval of a revised Information Security Governance Framework; revised information governance policies; management changes within the Authority to the Caldicott Guardian role and associated confidentiality work programme; and the Health and Social Care Information Centre (HSCIC) Information Governance Toolkit ‘satisfactory’ assurance level for Public Health.

It was reported, at the meeting, that compliance with the HSCIC IG Toolkit for social care services was now at a satisfactory assurance level and would enable social care services to share information with health partners and access essential services such as connection to the N3 network, which was required for collaborative working.

Particular reference was also made to the revisions being made to the Employees’ Guide to Information Security and the Members’ Guide to Information Security, both of which would be available by May 2015.

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

**A36. ANNUAL CERTIFICATION REPORT** - The Director of Neighbourhood Services and 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 two claims and returns certified, one required a qualification letter to set out the matters arising from the findings, however, after review, the DWP were happy that there were no outstanding issues and the claim had been settled on the submitted amount of £38,842.076.

**RESOLVED** – (a) That the report be noted.

(b) That the matters raised within PwC’s report and the subsequent response and action of the DWP be noted.

(c) That the adequacy of progress made in implementing the 2012/13 Action Plan, as set out in Appendix A of the submitted report, be noted.

**A37. PROTECTING THE PUBLIC PURSE FRAUD BRIEFING 2014** - The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a copy (also previously circulated) of a presentation that

covered the Audit Commission's national report and comparative information for the Council.

**RESOLVED** - That the content of the Fraud Briefing be noted.

**A38. 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 updated fraud self-assessment checklist documented in the 2014 Audit Commission publication 'Protecting the Public Purse' 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.

**A39. AUDIT SERVICES ANNUAL AUDIT PLAN 2014/15 – 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 2014/15 Annual Audit Plan.

It was reported that the audit assignment work undertaken since December 2014, had resulted in substantial assurance opinions in respect of Administration of Client Finances, Housing Rents, Treasury Management, Learning and Skills and a nursery school. A limited assurance opinion resulted from the audit review of Agency and Professional Services, 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 2014/15 Annual Audit Plan be noted.

**A40. EXTERNAL AUDIT PLAN 2014/15** - The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a copy of the 2014/15 External Audit Plan (also previously circulated) which had been prepared by the Council's appointed external auditors PricewaterhouseCoopers (PwC), following discussion with Officers.

Claire Mellons from PwC advised Members of the content of the Plan; outlined the role of this Audit Committee in relation to the risk of fraud; and requested that consideration be given as to whether this Committee wished to increase or retain the financial level of misstatements reported. This Council's current level of reporting was £100,000, however, current guidance suggested that it could be set at a level of £220,000.

**RESOLVED** – (a) That the External Audit Plan for 2014/15 be noted.

(b) That the current level of 'clearly trivial' reporting de minimis be retained at £100,000 for this financial year.

**A41. AUDIT SERVICES – ANNUAL AUDIT PLAN 2015/16** - The Head of Corporate Assurance submitted a report (previously circulated) together with the Audit Services' Audit Plan for 2015/16 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 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 2015/16, 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.