

## AUDIT COMMITTEE

25<sup>th</sup> September 2015

**PRESENT** - Councillor Baldwin (in the Chair); Councillor Johnson. (2)

**APOLOGIES** – Councillor McEwan and Mr J Morton (2)

**ABSENT** –

**OFFICERS** – Brian James, Head of Corporate Assurance, Joanne Skelton, Health and Safety Manager, Peter Carrick, Central Finance Manager and Chris Oates, Xentrall ICT

**ALSO IN ATTENDANCE** – Gregg Wilson and Nicola Brown, PriceWaterhouseCoopers

**A13. DECLARATIONS OF INTEREST** – There were no declarations of interest reported at the meeting.

**A14. MINUTES – RESOLVED** – That the Minutes (previously circulated) of the meeting of this Committee held on 26<sup>th</sup> June, 2015, be taken as read and approved as a correct record.

**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 approved ICT Strategy.

It was reported that the Strategy continued to focus on the five strategic priorities of ICT Service Development, ICT Governance, ICT Strategic Architecture, Business Development and ICT Competent Workforce.

Details of the progress against each of the strategic priorities was included in the submitted report.

Particular reference was made to the successful re-certification to both the ISO9001 Quality Management System and ISO27001 Information Security Management standards and to the current position in relation to the new mobile laptop/tablet connectivity solution.

**RESOLVED** – That the progress to date be noted.

**A16. CORPORATE HEALTH AND SAFETY REPORT 2014-15** – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) advising Members of the performance on 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.

It was reported that, overall, health and safety performance for the year had been encouraging and the submitted report outlined the main focus for the year which had been to continue to embed the health and safety management system and to drive

forward health and safety improvements. The Think Safety Group had also continued to meet on a regular basis and a number of initiatives had been implemented during the year to promote a positive health and safety culture

It was reported that Health and Safety continued to be a high priority for the Authority and the performance results presented, showed that improvements had again been made. The objectives for 2015/16 would also ensure that continual improvement was achieved and embedded into all of the Council's activities.

**RESOLVED** – That the report be received.

**A17. AUDIT OF ACCOUNTS 2014/15** – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) providing Members with information on the outcomes of the audit of the Council's 2014/15 accounts and seeking approval to conclude the accounts based on Officers recommendations, with regard to key issues arising from the audit.

Particular reference was made to the systems of internal financial control and to the responsibility of management to ensure arrangements were in place to monitor their adequacy and effectiveness in practice and to three areas which had been highlighted during the audit which were brought to the attention of this Committee, namely enhancements should be made to the timeliness of amendments to the IT access rights, the reconciliation of the housing portfolio with the housing rental system and the need for Members' interest forms to be reviewed to include details of the nature of interests declared.

It was reported that, in accordance with statutory requirements, the Council's external auditors, PwC, 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. Nicola Brown from PwC advised Members that the audit work on the accounts had been completed and, an unqualified audit opinion on the Council's 2014/15 accounts would be issued; a modified Value for Money conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources, as a consequence of the matters identified in the Ofsted report on Children's Services, would be issued; and that no areas of concern had been found on whether the Council's Annual Governance Statement complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to them.

Discussion ensued on the results of the recent Ofsted inspection of Children's Services which had been published on 1<sup>st</sup> September, 2015, and which had resulted in the Council being provided with an overall 'inadequate' rating and had subsequently resulted in the modified Value for Money conclusion. The representatives of PwC reported that they had worked with management to ensure that the Ofsted report and the Council's subsequent actions were appropriately disclosed within the Annual Governance Statement (AGS) and they confirmed that the AGS did address this and outlined the actions to be taken to address the recommendations.

Reference was made to the work which was taking place within the Authority following the publication of the report, which included the establishment of an Improvement Board which would report regularly to both Cabinet and the Children and Young People

Scrutiny Committee, and to the governance role of this Committee.

In relation to the systems of internal financial control, Greg Wilson from PwC reported that the Authority had a strong control environment and that the low number of adjustments was a positive reflection of the organisation.

**RESOLVED** – (a) That the Auditors ISA 260 report on the Council's 2014/15 financial statements be noted.

(b) That the IFRS compliant Statement of Accounts for the 2014/15 financial year be approved.

(c) That the thanks of this Committee be extended to PwC for the work they have undertaken with the Council.

**A18. 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 five months of the year against the 2015/16 Annual Audit Plan.

It was reported that the Audit Assignment work had resulted in full assurance opinions in respect of four primary schools and substantial assurance opinions in respect of two primary schools, the Corporate Income system, including PCI-DSS and the Civic Theatre Box Office. A limited assurance opinion had resulted from the Civic Theatre Front of House. In relation to Audit Services' key performance indicators, the position was positive.

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

**A19. 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.

It was reported that information governance remained an 'above the line' risk on the corporate risk register, however, delivery of the Programme would provide the assurance required and would reduce the information risks to an acceptable level.

The area of highest priority within the programme remained compliance for social care services with the HSCIC IG Toolkit and work was currently on-going to achieve this. It was reported that the original submission had been rated as 'satisfactory' however, the Council had recently been informed that supporting evidence was required to be uploaded to the submission and that until this had been completed, the order for the N3 network connection could not be completed.

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

**A20. ANNUAL GOVERNANCE STATEMENT –**

The Director of Neighbourhood Services and Resources submitted a report (previously circulated) seeking approval to the Council's Annual Governance Statement (also previously circulated), a key document which involved a variety of people charged with delivering governance within

the Authority and which was required to be published each year, to accompany the Statement of Accounts, in accordance with Regulation 4 of the Accounts and Audit (England) Regulations 2011.

It was reported that the Annual Governance Statement, outlined the Council's responsibilities; explained the purpose of the governance framework, set out the key elements, detailed the review of its effectiveness; highlighted any significant governance issues; and included a commitment by the Leader of the Council and the Chief Executive to ensure the continuous improvement of the system in place.

Pursuant to Minute A17 above, the Annual Governance Statement did make reference to the recent Ofsted inspection and the immediate and subsequent action to be taken.

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