

AUDIT COMMITTEE

21st September, 2017

PRESENT - Councillor Baldwin (in the Chair); Councillors Crudass and McEwan. (3)

OFFICERS – Elizabeth Davison, Assistant Director, Finance and Human Resources, Ian Miles, Assistant Director, Xentrall Shared Services, Luke Swinhoe Assistant Director, Law and Governance, Peter Carrick, Central Finance Manager, Peter McCann, Information Security Manager, Lee Downey, Complaints and Information Governance Manager, Simon Gallagher, Health and Safety Advisor and Andrew Barber, Audit and Risk Manager.

ALSO IN ATTENDANCE – Nicola Wright and Stuart Kenny, Ernst Young LLP.

A8. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A9. MINUTES – RESOLVED – That the Minutes (previously circulated) of the meeting of this Committee held on 5th July, 2017, be taken as read and approved as a correct record.

A10. CORPORATE HEALTH AND SAFETY REPORT 2016/17 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) updating Members on the Authority's performance in relation to health and safety for the financial year 2016/17, which, overall, showed an improvement on the previous year.

It was reported that health and safety continued to be a high priority for the Authority and the main focus for the year had been to continue the development of the health and safety management system and improve health and safety compliance.

Following a question by a Member, it was reported that a refresh of the manual handling training was undertaken each year within the social care sector. Discussion also ensued on the frequency of the Health and Safety Culture Survey, which Members felt should perhaps be undertaken every two years; the need for more publicity around the 'near miss' reporting system to be undertaken; and for a further report to be submitted to this Audit Committee on the work being undertaken in relation to the development of policies and procedures in place in the event of an emergency.

RESOLVED – That the progress to date and the key planned actions for 2017/18 be noted.

A11. ICT STRATEGY – IMPLEMENTATION PROGRESS REPORT - The Assistant Director, Xentrall Shared Services submitted a report (previously circulated) on the progress in relation to the implementation of the approved ICT Strategy.

It was reported that a revised Strategy, which built on the previous three-year strategy, had been approved by the Chief Officers Board early in 2017 and focussed on three

strategic priorities of ICT Governance and Service Development; ICT Strategic Architecture; and Council Service development and Transformation.

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

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

A12. ETHICAL GOVERNANCE AND MEMBER STANDARDS – UPDATE REPORT –

The Director of Neighbourhood Services and Resources submitted a report (previously circulated) updating Members on issues relevant to Member standards and ethical governance.

The submitted report set out a number of datasets of ethical indicators to assist in monitoring the ethical health of the Authority and it was reported that, by reviewing and monitoring the indicators, it was anticipated that any unusual or significant changes in the volume of data recorded for the period concerned would alert the Authority to any deterioration in its ethical health and enable any necessary action to be taken at an early stage.

RESOLVED – That the report and the statistical information contained therein be noted.

A13. OFSTED INSPECTION OF CHILDREN'S SERVICES AND DARLINGTON SAFEGUARDING CHILDREN'S BOARD 2015 – UPDATE –

The Director of Children and Adult Services submitted a report (previously circulated) together with a report (also previously circulated) which had been considered by Cabinet at its meeting held on 4th April, 2017, setting out the improvements to date within Children's Social Care, since the publication of the Ofsted report on Services to Children in Need of help and Protection, Children Looked After and Care Leavers.

It was reported that the third DfE monitoring visit had taken place in June 2017 and that the feedback had been positive, with particular reference being made to the good progress made in relation to the stability of the workforce and the reduction in the number of agency workers and that it was now time to ensure consistency in practice across social workers, which was to be the focus of the Children's Services Improvement Board going forward.

In addition, it was also reported that there was currently an Ofsted visit taking place within the Authority, however, the findings from the fourth monitoring visit which had taken place in June, 2017, and which had focussed on four areas, had indicated, overall, a positive summary of the current position.

Discussion ensued on the positive position since the Ofsted inspection in 2015 and were particularly pleased to note the work undertaken in relation to recruitment and retention of staff and the reduced caseloads of social workers and highlighted the need to share the organisational learning across the rest of the Authority.

RESOLVED – That the report be received.

A14. ANNUAL GOVERNANCE STATEMENT – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) seeking approval of 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 the Accounts and Audit Regulations 2015.

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.

Particular reference was made to the Council's position in relation to the joint venture company, established to deliver a small housing development and the Audit Committee were reassured by the governance arrangements and assurance framework in place around that.

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

A15. AUDIT OF ACCOUNTS 2016/17 – 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 2016/17 accounts 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 Ernest and Young (EY), the Council's external auditors, it was considered that the item was not material in the context of the Statement of Accounts as a whole, and it was not proposed to adjust them in the accounts.

It was reported that, in accordance with statutory requirements, EY had audited the accounts and a copy of the report which outlined the results of their audit and the Value for Money conclusions was appended to the submitted report. Nicola Wright from EY advised Members that the audit work on the accounts had been completed and that an unqualified opinion on the Council's 2016/17 accounts would be issued; that they were expected to conclude that the Council has put in place proper arrangements to secure value for money in its use of resources; and that no areas of concern had been found on whether the Council's Annual Governance Statement complied with guidance and whether it might be misleading or inconsistent with other information known to them.

It was also reported that, since the circulation of the Statement of Accounts 2016/17 with the papers for this meeting, a number of minor 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 2016/17 financial statements be noted.

(b) That the accounts be not adjusted in respect of those items as identified in the submitted report

(c) That the IFRS compliant Statement of Accounts for the 2016/17 financial year be approved

.A16. INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT - The Director of Neighbourhood Services and Resources submitted a report (previously circulated) on the progress in relation to the implementation of the Information Governance Programme.

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

The submitted report outlined the most recent work undertaken, together with those areas of highest priority within the programme, with particular reference being made to the on-going work in relation to the completion of the Health and Social Care Information Centre information governance toolkit, which, once approved by the Health and Social Care Information Centre, would enable the connection to the Health and Social Care Network to be progressed. It was reported that the toolkit was based around assuring local implementation of the ten data security standards as set out in the National Data Guardian's Review of Data Security, Consent and Opt-outs and particular reference was made to two of those ten standards namely the need for all staff to complete appropriate annual data security training and pass a mandatory test provided through the revised Information Governance Toolkit and to the need for a strategy to be in place to protect IT systems from cyber threats which were based on a proven cyber security framework such as Cyber Essentials and reviewed at least annually.

Discussion ensued on the current position in relation to compliance with the mandatory on-line information governance training session by employees, which was currently at over 95 per cent, whether these courses should be mandatory for all Members of the Council; more frequent reporting of the progress in relation to the delivery of the Information Governance Programme and the need to receive further information in relation to business and operational continuity in an emergency situation.

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

A17. AUDIT SERVICES ANNUAL AUDIT PLAN 2017/18 – PROGRESS REPORT – The Audit and Risk Manager submitted a report (previously circulated) outlining the progress against the 2017/18 Annual Audit Plan.

It was reported that the first few months of the year had been dedicated to ensuring the team and systems were embedded, following the introduction of the new shared service in April 2017, with audit assignments being profiled towards the end of the year, however, details of the progress to date on audit assignment work, consultancy/contingency activity and performance indicators were included in the submitted report.

RESOLVED – That the progress report against the 2017/18 Annual Audit Plan be noted.