

AUDIT COMMITTEE

Wednesday, 20 November 2019

PRESENT – Councillors Durham (Chair), McEwan and Paley

APOLOGIES – Councillors Baldwin, Crudass and Howell

ALSO IN ATTENDANCE – Nicola Wright

OFFICERS IN ATTENDANCE – Peter Carrick (Finance Manager Central/Treasury Management), Luke Swinhoe (Assistant Director Law and Governance), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council), Ian Miles (Assistant Director Xentrall Shared Services) and Allison Hill (Democratic Officer)

A25 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A26 MINUTES

Submitted – The Minutes of the meeting of this Audit Committee held on 31 July 2019.

RESOLVED – That the Minutes of the meeting of the Audit Committee held on 31 July 2019 be approved as a correct record.

A27 ANNUAL AUDIT LETTER 2018/19

The Managing Director submitted a report (previously circulated) together with a copy of the Annual Audit Letter for 2018/19.

It was reported that the Letter provided a high level summary of the results from the 2018/19 audit work undertaken by Ernst and Young LLP (EY), the Council's external auditors, for the benefit of Members and other interested parties and confirmed that the Council's accounts gave a true and fair view of the year ending 31 March, 2019 and that the Council had put in place proper arrangements to secure value for money in its use of resources.

RESOLVED – That the Annual Audit Letter 2018/19 be noted.

A28 MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2019/20

The Managing Director submitted a report (previously circulated) to seek Members approval of the revised Treasury Management Strategy, Prudential Indicators and provide Members with a half-yearly review of the Council's borrowing and investment activities.

It was reported that the mandatory Prudential Code, which governs Council's

borrowing, required Council approval of controls, called Prudential Indicators, which related to capital spending and borrowing. The indicators were set out in three statutory annual reports and the key objectives of those reports were set out in the submitted report, together with the key proposed revisions to the indicators which related to a reduction in the Operational Boundary and the Authorised Limit to allow for any additional cashflow requirement.

Reference was also made to the Treasury management budget which was forecast to overspend by £0.033m in 2019/20 due to a combination of less than expected returns on Commercial Ventures and investments and reduced interest/principal repayments which have been reflected in the current Medium Term Financial Plan projections.

Members examined the Prudential Indicators and the Treasury Management half-yearly review and were satisfied with the Council's borrowing and investment activities and the reported prudential indicators.

RESOLVED – That the submitted report be referred to Cabinet and that it be advised that this Audit Committee approves the revised prudential indicators and limits and notes the overspend in the revised Treasury Management Budget (Financing Costs).

A29 ETHICAL GOVERNANCE AND MEMBER STANDARDS - UPDATE REPORT

The Managing Director 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 Council and it was reported that, by reviewing and monitoring the indicators, it was hoped to be able to identify any unusual or significant changes in the volume of data recorded for the relevant period that might provide an alert to any deterioration in the ethical health of the authority.

Members viewed a short video 'the Principles of Public Life: 25 years' to outline the important role of the Committee on Standards in Public Life, which is an advisory non-departmental public body sponsored by the Cabinet Office and advised the Prime Minister, national and local government about ethical standards in public life in England.

It was reported that there were no particular areas of concern that had been identified from reviewing the data, however Members agreed that it would be useful to obtain some benchmarking data in relation to ethical health from other Tees Valley authorities of a similar size

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

A30 INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT

The Managing Director submitted a report (previously circulated) on the progress and planned developments of the Information Governance Programme.

It was reported that information governance is no longer an 'above the line' risk on

the Corporate Risk Register and that delivery of the programme has provided the assurance required to reduce the information risks to an acceptable level.

The submitted report outlined the ongoing work, together with those areas of highest priority within the programme, with particular reference being made to the transfer of data between the Council and its data processors in the event of a no deal Brexit.

Members considered Appendix 2 which showed the position at the end of October with regard to the completion of the mandatory on-line information governance courses and noted that completion rates of over 95 per cent represented an acceptable level of take up, however a number of services completion rates were below the target. It was agreed that the Complaints and Information Governance Manager raise the Audit Committee Members concerns with the relevant Directors.

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

A31 ICT STRATEGY - IMPLEMENTATION PROGRESS REPORT

The Assistant Director, Xentrall Shared Services submitted a report (previously circulated) to provide a six monthly progress update in relation to the implementation of the ICT Strategy.

The ICT Strategy focussed on three strategic priorities of ICT Governance and Service Development, ICT Strategic Architecture and Council Service Development and Transformation; and summarised progress on the main activities within each of these priorities.

The submitted report highlighted a number of architecture projects during the last six months including the detailed design of a new wide-area and data network; a successful migration of the Council's external telephony from traditional copper circuits to a more resilient flexible and cost effective fibre-based internet system; an upgrade to the wireless network core that runs services across Council buildings; procurement of both a telephony core management system upgrade and an upgraded video conferencing service; continuing developments surrounding the migration and deployment of the Microsoft Office 365 suite of systems; and commencement of a replacement programme for ageing Windows 7 Desktops.

The submitted report also outlined a further ten services specific projects that had been completed since the last progress report to this Committee.

Members questioned future use of telephone conferencing facilities and also requested a fuller explanation of the Microsoft Office 365 roll-out and the features this brings and, in particular how important information was being safeguarded against incorrect deletion and the record management practices in place.

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

A32 AUDIT SERVICES ANNUAL AUDIT PLAN 2019/20 - PROGRESS REPORT

The Audit and Risk Manager submitted a report (previously circulated) outlining the progress against the 2019/20 Annual Audit Plan.

The submitted report outlined the progress to date on audit assignment work, consultancy/contingency activity and performance indicators.

RESOLVED – That the progress report against the 2019/20 Annual Audit Plan be noted.