

AUDIT COMMITTEE

Wednesday, 27 September 2023

PRESENT – Councillors Henderson (Chair), Baker, Durham and McGill

APOLOGIES – Councillors Garner and Keir

ABSENT –

ALSO IN ATTENDANCE – Councillor Porter

OFFICERS IN ATTENDANCE – Luke Swinhoe (Assistant Director Law and Governance), Brett Nielsen (Assistant Director Resources), Ian Miles (Assistant Director Xentrall Shared Services), Evans (Head of ICT), Lee Downey (Complaints and Information Governance Manager), Judith Murray (Finance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council) and Shirley Wright (Democratic Manager)

A13 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A14 MINUTES

Submitted – The Minutes (previously circulated) of the Audit Committee held on 19 July 2023.

RESOLVED – That the Minutes of the Audit Committee held on 19 July 2023 be approved as a correct record.

A15 ICT STRATEGY - IMPLEMENTATION PROGRESS REPORT

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

It was reported that the current ICT Strategy focused on three strategic priorities, namely ICT Governance and Service Development; ICT Strategic Architecture; and Council Service Development and Transformation.

This submitted report summarised progress on the three strategic themes of the Strategy.

Particular references were made to the achievement of the full three-year external recertification in both Information Security Management and Quality Management Systems and the annual recertification to the Public Services Network (PSN) and to the procurement and management of a Microsoft licensing migration to the E5, Microsoft's flagship product, which gives greater overall security posture and earlier future access to additional services and features.

RESOLVED – That the report be noted.

A16 ETHICAL GOVERNANCE AND MEMBER STANDARDS - UPDATE REPORT

The Assistant Director Law and Governance submitted a report (previously circulated) updating Members on issues relevant to Member standards and ethical governance.

The submitted report gave members an update of information about issues relevant to member standards since matters were reported to the Committee in April 2023 and also set out a number of datasets of ethical indicators to assist in monitoring the ethical health of the Council.

By reviewing these indicators it is hoped to be able to identify any unusual or significant trends or 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; and it was reported that there were no particular issues of concern that had been identified from reviewing the data.

Discussion ensued on the increase in housing complaints which remained significantly higher than pre-pandemic levels and it was reported that housing complaints did increase during Covid, which, it was thought, could be attributed to more people being restricted to their homes during that period. There was also a backlog of repairs, due to maintenance staff not being able to visit residents' properties during that period which was now being monitored and managed.

Particular references were also made to the role of the Independent Person in Members' complaints and the process for dealing with those complaints and to the Induction Programme for Members following with 2023 Local Elections and the availability of Academy 10, the Council's on-line training system, modules to Members.

RESOLVED – That the report be noted.

A17 INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT

The Group Director of Operations submitted a report (previously circulated) providing a six monthly update to the Audit Committee as required by The Systems and Information Governance Group (SIGG) and to outline planned developments of the information governance programme.

It was reported that the ongoing delivery of the information governance programme continued to provide the assurance required to reduce the information risks to an acceptable level and outlined the ongoing works.

It was also reported that, of the ongoing work, the area of highest priority was the Microsoft Office 365 Programme which was being rolled out across the Council, with a number of services now being fully operational through a Microsoft teams interface having had all files

migrated into a Microsoft Teams structure

Discussion ensued on the progress made in achieving the 95 per cent completion target rate in relation to the Data Protection Act (DPA) training, which showed an increase from that reported to this Committee in April 2023.

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

A18 ANTI FRAUD AND CORRUPTION STRATEGY

The Audit and Risk Manager submitted a report (previously circulated) to advise Members of the Anti-Fraud and Corruption Arrangements for the period 2023/24.

It was reported that estimates suggested that in excess of £300m was lost to fraud in local government and it was imperative to ensure that the Council's funds were not being lost to fraudsters.

Guidance and advice to authorities on managing its fraud risk was provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) which also co-ordinated an annual survey of fraudulent activity detected across local government and which had published a Code of Practice on Managing the Risk of Fraud and Corruption in October 2014.

It was reported that the Council's 2023/24 Strategy (also previously circulated) had been developed in line with CIPFA's code of practice and that the format of the strategy had been redefined from previous versions to improve its visual appeal and make it more effective.

The submitted report also gave an update on the progress against the actions identified in the 2022/23 Strategy.

RESOLVED – That the 2023/24 Anti-Fraud and Corruption Strategy be noted.

A19 MID-YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2023/24

The Group Director of Operations submitted a report (previously circulated) to seek Members approval of the revised Treasury Management Strategy, Prudential Indicators and provide Members with a mid-yearly review of the Council's borrowing and investment activities. It was reported that this Committee were requested to forward the revised Strategy and indicators to Cabinet and Council for their approval and to note the changes to the MTFP with regard to the Treasury Management Budget (Financing Costs).

It was reported that the mandatory Prudential Code, which governed Council's borrowing, required Council approval of controls, called Prudential Indicators, which related to capital spending and borrowing; and the indicators were set out in three statutory reports namely, a forward looking annual treasury management strategy, a backward looking annual treasury management report and this mid-year update (which follows Council approval in February

2023 of the 2023/24 Prudential Indicators and Treasury Management Strategy).

The key objectives of the three annual reports were set out in the submitted report, together with the key proposed revisions to the prudential indicators which related to a reduction in the Operational Boundary to £148.025 million and the Authorised Limit to £245.331 million to allow for any additional cashflow requirement.

Members were advised that, based on the first five months of 2023/24, the Council's borrowing and investments were forecast to be on target on the approved 2023/24 budget and that the Council's treasury management activities complied with the required legislation and meet the high standards set out in the relevant codes of practice.

Officers presented update information at the meeting and answered a number of technical questions from Members in relation to the report.

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

A20 AUDITOR'S ANNUAL REPORT

The Group Director of Operations submitted a report (previously circulated) together with the Auditor's Annual Report and Auditor's Certificate for 2020/21 (also previously circulated).

It was reported that the Auditor's Annual Report provided a high level summary of the results from the 2020/21 audit work undertaken by Ernst and Young LLP (EY), the Council's external auditors, for the benefit of Members and other interested stakeholders.

The Report and Certification confirmed that the Council's accounts gave a true and fair view for the year ending 31 March 2021 and that the Council had in place, proper arrangements to secure value for money in the use of its resources.

Resolved – That the Auditor's Annual Report and Auditor's Certificate be noted.

A21 AUDIT SERVICES ACTIVITY REPORT

The Audit and Risk Manager submitted a report (previously circulated) to provide Members with a progress report of activity and proposed activity for the next period.

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

The submitted report provided Members with detailed feedback on the performance of the audit service and the position in relation to the completion of audit work, together with feedback on the management of the risks on the corporate risk register, audit results against a set of key governance processes, feedback on the work undertaken in the previous quarter and a summary of the work planned to be undertaken and progress against the audit balanced scorecard.

References were made to the procedures in relation to safeguarding vulnerable adults which required updating, client/passenger transport assessments and Officers and Members declarations of interests which were required to be declared.

RESOLVED – That the activity and results be noted and that the planned programme of work be agreed.