

# STEVENAGE BOROUGH COUNCIL

## AUDIT COMMITTEE MINUTES

Date: Tuesday 17 March 2009

Time: 6.00 p.m.

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

**Present:** Councillors R Raynor (Chair), J Gardner  
(Vice-Chair), R Clark, J Hollywell, M Notley

Agenda Item:

**2**

Independent: B Mitchell

**In Attendance:** Councillor Mrs J Lloyd

**Start/End Time:** Start Time: 6.00 pm  
End Time: 7.40 pm

### 1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for a late arrival had been received from the Strategic Director (Resources).

There were no declarations of interest made at the meeting.

### 2 MINUTES - 12 JANUARY 2009

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 12 January 2009 be approved as a correct record and signed by the Chair.

### 3 EXTERNAL AUDIT PLAN AND FEES 2009/10

Paul Winrow, of the Council's appointed external auditors, Grant Thornton, commented that as the 2008/09 audit work had yet to be completed, there was a small chance that the 2009/10 fees would need to be revised at a later date.

It was **RESOLVED** that the External Audit Plan and Inspection Fees for 2009/10 be noted.

### 4 EXTERNAL AUDIT UPDATE REPORT

Justin Collings, of the Council's appointed external auditors, Grant Thornton, gave an oral update on the work of external audit. The Council's Use of Resources self assessment had been received and was currently under review. It was anticipated that the final score would be available by the end of May.

Interim and Final Audit visits had been arranged for the 2008/09 Accounts, and the External Auditors had met with Council officers to discuss any areas of concern prior to the final audit.

The update was NOTED by the Committee.

## **5 DATA SECURITY UPDATE**

The Head of E-Government and Business Systems introduced the report which set out the work undertaken by the Council to meet the requirements of joining the Government's Secure Information Network (GCSx). This included restrictions on the use of electronic data storage devices such as memory sticks and CDs, and the introduction of dual-factor authentication of passwords for remote users of the Council's IT network. In addition, staff with access to GCSx, such as those in the Revenues and Benefits team, would no longer be able to use their own IT equipment to access the Council's network from home. These new measures were designed to balance usability with security.

Responding to a suggestion regarding a central register of personal data held by the Council, officers commented that the Data Protection Act 1998 set out requirements for how the Council collected, held and shared data.

It was **RESOLVED**:

1. That it be noted that the work required to deliver the security standards set out by the Department of Work and Pensions for joining the Government's Secure Information Network (GCSx) will be sufficient to protect the Council against unauthorised access to or accidental loss of personal records.
2. That it be noted that the Department of Work and Pensions are satisfied that the Council's plans comply with their requirements and are on schedule to achieve compliance by 31 March 2009.
3. That officers investigate the feasibility of compiling a register of the personal data commonly held by the Council about residents; detailing on which electronic systems that data is held, and with which organisations that data is shared.

## **6 TREASURY MANAGEMENT STRATEGY (REVISED)**

In presenting the report, the Head of Finance explained that the current Strategy had been approved by the Council on 25 February 2009. However, a further amendment was now recommended to permit investments in banks which did not meet the credit criteria but which were supported by the Government. It was noted that the Council's investments were reviewed on a weekly basis to monitor any risks.

It was **RESOLVED**:

1. That the Treasury Management Strategy approved by Council in February 2009 be noted.
2. That Council be recommended to agree that the Treasury Management Strategy approved at the Council meeting on 25 February 2009 be amended to allow lending to partially and fully nationalised banks, as outlined in the report to Audit Committee dated 17 March 2009.

## **7 DATA QUALITY ACTION PLAN PROGRESS REPORT**

The Performance and Improvement Manager introduced the report, commenting that a new Data Quality Action Plan would be submitted to the next meeting of the Committee. Members were advised that under Comprehensive Area Assessment (CAA), Data Quality would become one of the Key Lines of Enquiry of the Use of Resources assessment.

It was noted that the assessment of data quality would now focus on the Council understanding how partner agencies approached data quality, in order to ensure data from third parties that was used for decision-making was robust.

Officers reported that a star system was being developed to rate the data provided in the Balanced Scorecard. This would provide assurance on the quality of the information used to compile the scorecard, and would be in place for the Quarter 4 Balanced Scorecard.

It was **RESOLVED** that the progress made against the actions set out in the Data Quality Action Plan be noted.

## **8 INTERNAL AUDIT PROGRESS REPORT**

The Chief Internal Auditor introduced the report, commenting that as at 28 February 2009, 76% of the Internal Audit Plan had been delivered. It was noted that there was a risk that the Key Financial Systems work would not be complete in time for the interim audit. However, Grant Thornton had been advised of this and had indicated that they were prepared to be flexible on this issue.

As per the Committee's resolution at the previous meeting, it was reported that one audit had exceeded its time allocation by 100%. This had related to the audit of Regeneration Grant Claim, and the reasons for the delay were set out in paragraph 4.3 of the report.

It was **RESOLVED**:

1. That the Internal Audit progress report as at 28 February 2009 be noted.
2. That the report from the audit of Treasury Management be submitted to the next meeting of the Committee.

## **9 2009/10 INTERNAL AUDIT PLAN**

The Chief Internal Auditor introduced the report, which set out the Internal Audit Plan for the 2009/10 financial year. The plan had been drafted in consultation with the Head of Finance, Stevenage Homes Ltd, the Strategic Management Board (SMB) and with the Strategic Director (Resources) in his role as Chief Finance Officer.

The plan had been based on the unit's estimated available resources in terms of "audit days", which had then been allocated to the unit's various areas of work, including Key Financial Systems, Operational Audits and Management.

Responding to questions in relation to the number of days estimated for individual

aspects within the plan, officers explained that this was based on experience and was subject to on-going review during the year. A risk based approach had been used to develop the plan, whereby some of the Key Financial Systems were reviewed on a cyclical basis rather than every year. This meant that the controls were still checked annually, but the effectiveness would be confirmed every four years.

It was **RESOLVED** that the 2009/10 Internal Audit Plan be approved.

## **10 CORPORATE GOVERNANCE FRAMEWORK**

The Finance Projects Manager introduced the report which presented the work undertaken in relation to the Corporate Governance Framework. The report also set out a corporate self-assessment document which monitored how the organisation was putting the six key principles of corporate governance into practice. This document contained scores which had been agreed by a working group of officers and which indicated an improvement on the scores for 2008/09.

It was **RESOLVED**:

1. That the contents of the report be noted.
2. That, in relation to the score of the development of protocols regarding the relationship between the Leader and the Chief Executive (page 105 of the agenda), the proposal to increase the score from six to seven be supported.
3. Officers be instructed to provide an update in six months' time regarding the improvement actions identified for areas scoring five or six.
4. Officers be instructed to include the previous year's scores in the report for future years, to facilitate monitoring of progress.

## **11 URGENT PART I BUSINESS**

None.

## **12 EXCLUSION OF THE PRESS AND PUBLIC**

It was **RESOLVED** that, under Section 100 (A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the Act as amended by SI2006 No. 88.

## **13 PART II MINUTES - 12 JANUARY 2009**

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on Wednesday 12 January 2009, be approved as a correct record and signed by the Chair.

## **14 URGENT PART II BUSINESS**

None.