

AUDIT AND GOVERNANCE COMMITTEE

13th March 2018

Present – The Chairman (Councillor Harbron) and Councillors Barrett, Brown, Lis, Mercer, Place and Whitaker. Greg Robinson (Independent Person) was also in attendance.

Officers – Chief Executive, Chief Finance Officer, Solicitor to the Council, Audit Services Manager and Committee Officer.

Apologies for absence were received from Councillors Brockbank and Hull.

Start: 6.30pm
Councillor Lis arrived at 7.12pm.

Finish: 7.55pm

The minutes of the Committee's meeting held on 23rd January 2018 were confirmed and signed by the Chairman.

EXCLUSION OF THE PUBLIC

Resolved – That, in accordance with the Council's Access to Information Procedure Rules, the public is excluded from the meeting during consideration of Minutes AC.314(d) and AC.315 (marked \$) below on the grounds that it is not in the public interest to disclose the Category 3 exempt information (financial or business affairs of any particular person including the Council).

Minutes for Report

AC.310

INFORMATION GOVERNANCE

a. Information Governance Audit

As requested at Minute 307(b)/17-18 the Internal Audit Services Manager submitted a briefing paper presenting the Committee with additional details in respect of the conduct of the recent audit of the Council's arrangements in respect of information governance, including the testing of the key controls, risks identified, findings and the ability of the Council to investigate any data breaches. Amongst conclusions reached by the auditor was the view that the Council had appropriate plans in place to achieve compliance with the new General Data Protection Rules which would come into effect on 25th May 2018.

b. General Data Protection Regulation : Presentation

The Chairman welcomed the Council's Information Governance Manager who, with support from the CI and SIR Officer had been invited to the meeting to deliver a presentation on the changes introduced by the General Data Protection Regulation (GDPR) and the requirements thereof from 25th May 2018.

During the course of the presentation Members were assured that although there would be some residual issues to be resolved, the Council would be compliant with key elements of the new Regulation by 25th May, and a number of controls had been put in place to ensure compliance with criteria in respect of accountability. All relevant practices, procedures and policies were being amended to reflect the requirements of the Regulation, and the Information Governance Manager suggested that given the Committee's role, it may wish to establish an understanding of

- The extent to which the Council is compliant with the new scheme, and introduced the new requirements.
- The extent to which the Council can demonstrate compliance with the Accountability Principle.
- The extent to which Councillors are aware of their responsibilities.
- The impact of the new scheme on the Council, for example, increase in subject access requests).

In responding to a Member's question regarding off-site storage arrangements, the CI and SIR Officer stated that a business case for digitising archived and other documents was being prepared, and changes had been introduced to the practices in a number of departments meaning documents in those areas were no longer being sent to storage.

Details of both the existing data protection principles and the "new" principles relating to the processing of personal data introduced by the GDPR were circulated at the meeting.

Resolved – (1) That the Information Governance Manager is asked to produce a report for the next meeting of this Committee highlighting the areas which the Council needs to have particular regard to / which may require particular attention, including the four areas indicated above.

(2) That the intention to arrange training for all Members to ensure they are aware of their responsibilities under the General Data Protection Regulation is supported; this Committee's expectation being that all Members will engage with that training.

AC.311

EXTERNAL AUDIT – AUDIT STRATEGY MEMORANDUM

Mark Kirkham, Partner with the Council's external auditors, Mazars, submitted a copy of the Audit Strategy Memorandum for the financial year ending 31st March 2018 which summarised the approach Mazars would be taking in auditing the Council's 2017/18 financial statements. In planning the audit the following significant areas of risk in terms of possible material misstatement had been identified

- Management override of controls;
- Revenue recognition – fees and charges;
- Valuation of property, plant and equipment;
- Pension entries in respect of employee retirement benefits.

As in previous years the audit would also reach a conclusion on the Council's arrangements for securing value for money. Ongoing financial pressure had again resulted in the level of savings the Council needed to achieve over the period of its medium term financial plan being identified as a value for money conclusion risk, the arrangements for monitoring and securing the required savings would therefore be assessed. The fee for the audit would be £45,819, plus £7,060 for the housing benefit subsidy certification work.

Resolved – That the Audit Strategy Memorandum for the year ending 31st March 2018 is received.

AC.312

EXTERNAL AUDIT : AUDIT PROGRESS REPORT

Mark Kirkham, Partner with the Council's external auditors, Mazars, submitted a report informing the Committee of progress made in delivering their responsibilities as the Council's external auditors, and also drawing attention to emerging national issues and publications which may be of interest to Members.

Resolved – That the External Auditor's progress report is noted.

AC.313

COUNTER FRAUD AND CORRUPTION ARRANGEMENTS
- ACTION PLAN

Further to Minute AC.279/16-17, the Chief Finance Officer submitted a report updating the Committee on progress against the action plan presented at Minute AC.279 aimed at addressing issues identified in the internal audit assessment of the Council's counter fraud and corruption arrangements. Members were reminded that the arrangements had been assessed against CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption.

The Chief Finance Officer expressed the opinion that good progress had been made in addressing tasks within the action plan, but pointed out that without a follow up assessment, for which a fee would be charged, it was a little difficult to be sure as to the position reached. During the course of the ensuing discussion it was proposed, and

Resolved – (1) That with a view to reporting back to this Committee in June, the Chief Finance Officer is asked to set aside those elements of the action plan she believes to have been delivered, and identify those elements still to be delivered and which should be the focus of attention.

(2) That at the above meeting in June the Committee considers and determines when next to require a further update.

AC.314

INTERNAL AUDIT

a. Recommendations : Implementation Monitoring

Further to Minute AC.270(a)/16-17, the Strategic Manager for Financial Services submitted a report updating the Committee on the position reached with implementation of Priority One internal audit recommendations where the original completion date was prior to January 2018. Details of all recommendations, seven in total, completed in the monitoring period were also reported, together with a summary of the position in respect of the number of Priority Two and Three recommendations outstanding.

In responding to a Member's comment regarding the need for a clearer timeline for implementation of an outstanding priority one recommendation regarding the need to review licensing files, the Chief Finance Officer indicated that an updated position would be requested.

Resolved – That the position in respect of implementation of internal audit recommendations is noted, and that action taken in completing Priority One, Two and Three audit recommendations in the monitoring period is approved.

b. Internal Audit Plan 2017-18 : Progress Report

Further to Minute AC.307(a)/17-18, the Audit Services Manager submitted a report updating the Committee on progress made against the 2017/18 Internal Audit Plan in the period 1st April 2017 to 31st January 2018. As at 31st January, a total of 123 of the approved 250 audit days within the plan had been spent; just two of the planned audits, both in respect of fourth quarter audits, had yet to commence.

The Audit Services Manager expressed confidence that all audits within the revised plan (Minute AC.307(a) refers), including those brought forward from 2016/17, would be completed in line with the plan.

Resolved – That the content of the Audit Services Manager's progress report is noted.

c. Draft Internal Audit Plan 2018-19

The Audit Services Manager submitted a report presenting the draft 2018-19 Internal Audit Plan for the Committee's consideration and approval.

The draft Plan set out the areas, functions or activities to be audited in the 2018/19 financial year, together with an estimate as to the number of days for each audit. The Plan provided for 180 audit days, plus an additional 20 days, if required, for any ad hoc or unforeseen work, or for the provision of consultancy advice. No costs would be incurred for the additional days without the Section 151 Officer having first agreed to their use.

The draft Plan had been developed in consultation with Corporate Leadership Team and took into account risks of the Authority, corporate priorities and proposed audit areas as identified by the Institute of Internal Auditors.

In responding to a Members request for inclusion of an audit in respect of the Council's environmental impact, it was

Resolved – (1) That the proposed Internal Audit Plan 2018-19, as now submitted, is approved.

(2) That consideration is given to inclusion of an audit of the Council's environmental impact within the draft 2019-20 Internal Audit Plan.

d. Internal Audit Reports

The Internal Audit Services Manager presented copies of the audit reports listed below, which had been commissioned as part of the 2016/17 and 2017/18 Internal Audit Plans.

- Planning Fees : Level of Assurance : Significant
- Ward Member Grants : Level of Assurance : Good
- \$ - Business Continuity and Disaster Recovery 2017-18: Level of Assurance : Good

Resolved – That the reports of the Internal Auditor now presented are received, and that implementation of recommendations therein are monitored through the arrangements approved at Minute AC.138(a)/12-13.

\$AC.315

CORPORATE RISK REGISTER - UPDATE

The Chief Finance Officer submitted a report updating the Committee on progress against actions intended to mitigate risks within the Council's corporate risk register.

The number of risks on the strategic register (those risks scoring above the Council's risk appetite of 10) had increased from five to six with the inclusion of Risk CRR31- non-compliance with the Data Protection and Freedom of Information Acts. The Chief Finance Officer explained that as indicated at Minute AC.310(b) above, the Council was expecting to be compliant with the requirements of the General Data Protection Regulations taking effect on 25th May 2018, post this date it was expected that the risk score would reduce and Risk CRR31 would no longer feature on the strategic register.

The Chief Finance Officer stated that she was aware from previous discussions of Members' interest in participating with officers in a risk management working group. Three senior officers had expressed interest in working with Members on the proposed group, and with this in mind committee members were now asked to consider volunteering. It was suggested and

Resolved – (1) That the Chief Finance Officer e-mail all committee members seeking up to three volunteers to participate in a Risk Management Working Group.

(2) That progress against risk register actions, as presented at the appendix to the Chief Finance Officer's report now submitted, is noted.

Minutes for Decision

- None -

Chairman.