

AUDIT COMMITTEE
06/09/2018 at 6.00 pm



Present: Councillor Haque (Vice-Chair in the Chair)
Councillors Ahmad, C. Gloster, Haque (Vice-Chair), Sheldon
and Toor

Also in Attendance:

Anne Ryans	Director of Finance
Mark Stenson	Head of Corporate Governance
Helen Stephenson	Grant Thornton UK LLP
Karen Murray	Mazars
Sabed Ali	Assistant Manager - Internal Audit
Barbara Mulvihill	Data Protection Officer
Sian Walter-Browne	Constitutional Services

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Harrison
and Councillor Taylor.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions received.

5 **MINUTES OF PREVIOUS MEETING**

RESOLVED that the minutes of the Audit Committee held on
16th July 2018 be approved as a correct record.

6 **DATA PROTECTION UPDATE**

Consideration was given to a report of the Director of Finance
which updated the Audit Committee on the Council's progress
with the project to implement the Data Protection Act 2018.

The Data Protection Officer attended and updated the
Committee on the current position and proposed way forward.
Members were informed that the Project Board would remain in
place at least until the end of the calendar year. Discussions
were taking place to review outstanding activity with a view to
closing the existing project and establishing a second phase
workstream comprising the residual items and additional
activities required to ensure ongoing compliance and assurance.
The governance arrangements of the further workstream
including reporting arrangements were also under discussion

and would be agreed and introduced by Christmas. Members noted the key features of the proposed phase 2.



Members asked for and received clarification on GDPR compliance and were informed that this would be ongoing and good practice be embedded. Training sessions were available for officers, Members and school governors, and there would be a tailored package of training for schools.

In relation to monitoring, it was explained that there was a robust risk management framework. Any breaches were investigated and lessons learned.

RESOLVED that:-

1. The Data Protection Update be noted.
2. The Data Protection Officer would update the Committee twice yearly.

7

AUDIT AND COUNTER FRAUD PROGRESS REPORT

Members gave consideration to a report of the Head of Corporate Governance which provided them with the quarterly progress report for the first quarter of the financial year 2018/19 and reported back to the Audit Committee on the matters required by the Code of Practice for Internal Audit.

The report summarised the performance by the Audit and Counter Fraud Team for the first quarter of 2018/19 and the key performance highlights included:

- five Final Internal Audit Reports had been issued since the 1 April 2018 (annual target of 80);
- considerable audit and assurance and support had been provided for the Council's corporate "Smart" project to acquire the Unity Partnership Ltd, including supporting the development of governance arrangements and financial system;
- the service continued to deliver positive Counter Fraud results in key areas such as Council Tax Reduction (CTR) and Housing Benefit fraud and error, and error overpayments identified as part of CTR investigations;
- the team had produced positive cases around Blue Badge fraud, employee reviews, Free School Meals, Council Tax Discount Fraud and Direct Payment Fraud; and
- the Direct Payments Audit Team had carried out 90 Audit across Adults Social Care and Children's services against a target of 500 and identified approximately £0.168m to be recovered in overpayments, inappropriate use and financial contributions.

Members were informed that it was anticipated that the Team would deliver results for most of the agreed performance indicators, in line with its annual targets.

RESOLVED that the 2018/19 Progress Report for the first quarter of the financial year by the Head of Corporate Governance be noted.

8 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED that, in accordance with Section 100A(4) 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 contain exempt information under paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act, and it would not, on balance, be in the public interest to disclose the reports.

9 **INTERNAL CONTROL MATTERS IN THE CORPORATE AND COMMERCIAL SERVICES DIRECTORATE**

The Committee gave consideration to a report of the Head of Corporate Governance which summarised the internal control matters identified by the Audit and Counter Fraud Team since 1 April 2017 for consideration by managers in the Corporate and Commercial Services Directorate.

The report detailed the work done by Internal Audit and Counter Fraud with an Executive Summary of the findings and recommendations made as detailed in Appendix 1.

The Directorate managed most of the Council's core financial systems which were subject to regular audit. The 2017/18 Final Audit reviews of these systems were completed by 29 March 2018. Overall the Council's financial systems continued to be relatively stable, with the exception of Payroll. However, there was evidence of managers across the partnership working to develop resource resilience and stability. This was particularly critical given the implementation of the integrated Agresso system in April 2017.

RESOLVED that the report of the Head of Corporate Governance be noted.

10 **DEVELOPMENTS WITH REGARD TO THE COUNCIL'S LOAN PORTFOLIO**

Consideration was given to a report of the Director of Finance that informed Members of the Audit Committee of the action the Council had instigated against Barclays Bank with regard to Lender Option Borrower Option (LOBO) loans.

RESOLVED that:-

1. The current position as summarised in the report of the Director of Finance be noted.
2. The Committee would receive updates as matters progressed.

ANNUAL GOVERNANCE STATEMENT FOR 2017/18 FOLLOW UP AND NEW ISSUES ON GOVERNANCE

Members gave consideration to a report of the Head of Corporate Governance which:-



- a) Updated Committee on the progress made to reduce the risk of issues arising for the Council to address, where matters were identified as areas requiring improvement in internal control within the Annual Governance Statement for 2017/18.
- b) Identified new risks which, at this stage, were considered appropriate for potential inclusion in the Annual Governance Statement for the financial year 2018/19.

Members were provided with a verbal update highlighting the key issues in the Corporate Risk Monitor report and Corporate Risk Register. This set out the key risks and dates for the Authority based upon an assessment as at the end of July 2018.

RESOLVED that:

1. The progress made by the Council on issues reported in the 2017/18 Annual Governance Statement be noted.
2. The emerging issues during 2018/19 to be considered for inclusion in the Annual Governance Statement be noted.
3. The assessment of risk as advised in the verbal update on the current Risk Monitor and Corporate Risk Register be noted.

The meeting started at 6.00 pm and ended at 7.12 pm