

Time Commenced: 10.00am
Time Ended: 12.00pm

AUDIT AND ACCOUNTS COMMITTEE
7 November 2018

Present: Councillor Willoughby (Chair)
Councillors Care, Cooper, Hussain, Peatfield, Shanker and West
and Philip Sunderland

In attendance: Richard Boneham – Head of Internal Audit
Sinead Booth – Data Protection Officer and Information Governance
manager
Andy Brammal – Director of Information Systems
Stephen Clark – Ernst and Young LLP
Michael Gillie – Improvement Officer
Olu Idowu – Head of Legal Service
Don McLure – Strategic Director of Corporate Resources
Steven Mason – Democratic Services Officer
Councillor Roulstone – Cabinet Member for Financial Services and
Procurement
Vishal Savjani – Ernst and Young LLP
Michael Sarjeant – Corporate Fraud Investigator

44/18 Apologies for Absence

Apologies were received from Councillor Hudson and Stuart Green.

45/18 Late Items

There were no late items.

46/18 Declarations of Interest

There were no declarations of interest.

47/18 Minutes of the meeting held on 19 September 2018

The minutes of the meeting held on 19 September 2018 were agreed as a correct record.

48/18 Ernst Young – Annual Audit Letter for the Year Ended 31 March 2018

The Committee received a report of the Strategic Director of Corporate Resources on Ernst Young – Annual Audit Letter for the Year Ended 31 March 2018. The report was presented by Stephen Clark and Vishal Savjani – Ernst and Young LLP.

It was reported that the external auditor was required to issue an annual audit letter to the Council following completion of audit procedures for the year ended 31 March 2018. Members noted that a draft had been fully considered by the Committee at its meeting on 8 August 2018.

Members commended the good work of the Audit Partnership and Ernst and Young LLP.

Under section 6 of the Annual Audit Letter - Other Reporting Issues, it was highlighted that the external auditor had noted misstatements in the related party transactions disclosures resulting from incomplete declarations of interest being submitted by Councilors. It was reported that this had been addressed.

Resolved:

- 1. to approve the Annual Audit Letter; and**
- 2. to commend the good work of the Audit Partnership and Ernst and Young LLP.**

49/18 Update on Counter Fraud Activities

The Committee received a report of the Strategic Director of Corporate Resources on Update on Counter Fraud Activities. The report was presented by the Head of Internal Audit and the Corporate Fraud Investigator.

The report provided Members with an update on the counter fraud activities, including the National Fraud Initiative, being undertaken within the Council in the period 1 July 2018 to 30 September 2018.

The report also provided an update on any notifications/investigations that had taken place under the following legislation:

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017)
- Bribery Act 2010
- Public Interest Disclosure Act 1998
- Regulation of Investigatory Powers Act 2000

The Committee received an update on the National Fraud Initiative (NFI) – 2018/19

exercise, a NFI data matching pilot exercise for Business Rates data and the NFI pilot to match social care payments to Disclosure of Death Registration Information (DDRI) data.

Members were informed about the counter fraud team.

In relation to the Public Interest Disclosure Act 1998, it was reported that there had been 5 disclosures made under the Council's Whistleblowing policy since 1 July 2018 and that this made a total of 12 cases in 2018. Members considered the 7 cases reported at the June Committee meeting.

In relation to Appendix 3 (Counter Fraud Team savings breakdown 01/04/2018 to 30/09/2018) of the report, Members requested that the annual cost of the Counter Fraud Team be circulated to the Committee, so that a comparison could be made with actual saving/income.

Resolved to note the actions taken and the progress being made on counter fraud activities across the Council.

50/18 Audit and Accounts Committee – Terms of Reference

The Committee received a report of the Strategic Director of Corporate Resources on Audit and Accounts Committee – Terms of Reference. The report was presented by the Head of Internal Audit.

The report provided members with a draft set of terms of reference for the Audit and Accounts Committee based on the best practice guidance in the latest Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Audit Committees.

It was reported that the current terms of reference for the Audit and Accounts Committee were last reviewed in March 2014 and it was agreed by Committee at its meeting on 19 September 2017 that a Working Group would be established to review the current terms of reference.

It was reported that the working group comprised of Councillors Willoughby, West and Care together with an Independent Committee Member (Philip Sunderland) and the Head of Internal Audit. Members noted that the group met on 19 September 2018, with Philip Sunderland submitting his suggestions separately.

Members considered the draft terms of reference and put forward a number of amendments.

Resolved to agree that, subject to amendments being made as outlined at the meeting, the Audit and Accounts Committee terms of reference be referred to Council for approval.

51/18 Update on the actions arising from the Audit and Accounts Committee's Self Assessment exercise

The Committee received a report of the Strategic Director of Corporate Resources on Update on actions arising from the Audit and Accounts Committee's Self Assessment exercise. The report was presented by the Head of Internal Audit.

The report outlined the progress made through the action plan on the issues raised by those Members who completed the self-assessment questionnaire to ascertain the effectiveness of the Audit and Accounts Committee.

Members put forward a number of amendments.

Resolved to note the progress on the action plan attached at Appendix 2 of the report.

52/18 Risk Management Monitoring Report – Quarter Two

The Committee received a report of the Strategic Director of Corporate Resources on Risk Management Monitoring Report – Quarter Two. The report was presented by Michael Gillie – Improvement Officer.

It was reported that work had continued during the last quarter to strengthen the Council's risk management arrangements. Members noted that the report presented a summary of the progress made to date, and provided an updated strategic risk register for the period to 30 September 2018.

It was noted that proposals for Risk Surgeries were approved at the September 2018 meeting and that these could now be commissioned by the Audit and Accounts Committee on any of the risks in the strategic register. It was also noted that surgeries would promote a better understanding of risks, improving challenge on the Council's strategic risk assessment and mitigation arrangements. It was reported that to support in the identification of risks for surgery the approved guidance was attached at Appendix 3 of the report, but however, there were no recommended risks for consideration as part of the report.

The Committee reviewed the Quarter 2 monitoring report on the Strategic Risk Register.

The Committee considered and discussed the following risks that had deteriorated compared to the previous quarter:

- SR1- staffing – capacity, knowledge and skills
- SR4 – delivering financial plans
- SR7 – procurement and contract management

Members discussed Brexit and Voter ID as significant risks. It was reported that a Brexit Working Group would consider the risks in Quarter 3 and that Voter ID would need to be considered within the Corporate Risk Register.

Members discussed SR4 – delivering financial plans.

Members discussed the Corporate Risk Management Group.

Members discussed the strategic review of the Library Service and options going forward. It was reported that an options report was to be considered by Council Cabinet on 12 December 2018. Members resolved to agree that a risk surgery be held into SR4 – delivering financial plans and that this should include consideration of the library service.

Resolved:

- 1. to note the improvements made to the Council's arrangements for risk management;**
- 2. to note that there are no risks recommended for consideration, at a Risk Surgery, based on the latest edition of the Strategic Risk Register (Quarter 2); and**
- 3. to agree that a risk surgery be held into SR4 – delivering financial plans.**

53/18 Corporate Improvement Plan – September 2018 Update

The Committee received a report of the Strategic Director of Corporate Resources on Corporate Improvement Plan – September 2018 Update. The report was presented by Michael Gillie – Improvement Officer.

It was reported that the Corporate Improvement Plan (CIP) was introduced in December 2017 as part of the Council's response to the Local Government Association (LGA) Corporate Peer Challenge. It was also reported that it contained 10 key themes underpinned by supporting actions which would address a number of challenges faced by the Council.

Members noted that the Improvement Plan now contained 62 actions which were continually reviewed and updated in an attempt to keep the Council's improvement priorities relevant and realistic. It was also noted that 32 actions had now been completed, with 8 showing some slippage. It was reported that revised actions and timescales were proposed in the report.

Members considered the CIP, including, the areas of slippage and put forward a number of amendments.

Members discussed action 9.6 at Appendix 2 of the report - Complete the strategic review of Libraries, including the introduction of Community Managed Libraries.

Members agreed that this should contain more detail in relation to the latest commentary. Members also agreed that in relation to the completion of the strategic review at 4.8 of the report, a December 2018 date should be added.

Resolved:

- 1. to note progress made in delivering the Corporate Improvement Plan; and**
- 2. to approve re-profiled timescales for actions as set out in paragraph 4.8, with the addition of a December 2018 date for the completion of the strategic review of libraries.**

54/18 Information Assurance Update

The Committee received a report of the Strategic Director of Corporate Resources on Information Assurance Update. The report was presented by the Director of Information Systems and the Data Protection Officer and Information Governance Manager.

The report provided Members of the Committee with an update on information management arrangements across the Council, including:

- The Council's continued compliance with the General Data Protection Regulations (GDPR)/Data Protection Act 2018;
- 2018/19 Performance: Requests for information under the Freedom of Information Act 2000, Environmental Information Regulations 2004 and Data Protection Act 2018;
- Information Security;
- Other information management improvement activity.

It was reported that in relation to Information Security, from 1 April 2018 to 30 September 2018 three serious breaches were reportable to the Information Commissioner's Office. It was also reported that one of these has been closed without further action and that the remainder remained open. Members noted that the number of reported breaches was a cause for concern and that the majority of information security breaches could be attributed to a lack of effective training and robust policy and procedures and staff failing to make final checks before releasing personal data.

Members considered Freedom of Information (FOI) requests. It was agreed that performance stats on FOIs be broken down in future reports, to provide members of the committee with more information. It was suggested that Information Governance Board statistics could be used.

Resolved:

- 1. to note the report; and**
- 2. to request a further Information Assurance update in March 2019.**

MINUTES END