

AUDIT COMMITTEE

Monday 27th February, 2017, at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Chambers (Vice-Chairman in the Chair)
Councillor Craddock
Councillor Harris
Councillor Robertson
Councillor Washbrook

In attendance

Chief Finance Officer
Head of Finance
Head of Information, Communication and Technologies
Corporate Information Governance and Assurance Manager

Representatives of Mazars
Representatives of Ernst and Young

112/17 Welcome / Apologies

The Vice-Chair welcomed all in attendance.

The Chief Finance Officer reported that he had spoken with Mr Bell who had confirmed that he, unfortunately, would unlikely be able to return.-

Apologies were received on behalf of Councillors Robertson and Young, Mr Green and Mr Bell.

113/17 Minutes

A copy of the minutes of the meeting held on 16th January, 2017, was submitted:-

(see annexed)

Resolved

That the minutes of the meeting held on 16th January, 2017, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

114/17 **Declarations of Interest**

None submitted.

115/17 **Deputations and Petitions**

There were no deputations submitted or petitions received.

116/17 **Local Government (Access to Information) Act, 1985 (as amended)**

Resolved

That the public be excluded from the meeting during consideration of the items set out in the private part of the agenda for the reasons set out therein and Section 100A of the Local Government Act, 1972.

117/17 **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised under this item.

118/17 **Information Commissioner Office (ICO) – Data Protection Audit (DPA)**

A report was submitted:-

(see annexed)

The Chief Finance Officer clarified that this report had been brought before the Committee as it was a Constitutional requirement that the conclusion of any inspection be brought to the Audit Committee for its consideration and to provide a level of assurance.

The Corporate Information Governance and Assurance Manager presented the report and highlighted the salient points contained therein.

The report provided the Committee with the outcome of the recent Data Protection Audit, by the Information Commissioner's Office (ICO), issued to the Council on 3rd February, 2016. It confirmed that the ICO had awarded the Council an overall rating of 'Reasonable Assurance' in regard to compliance with the Data Protection Act (DPA) 1998. This was a significant achievement for the Council signifying that there was a reasonable level of assurance that processes and procedures were in place and delivering data protection compliance. There was, however, some scope identified for the improvement of existing arrangements, in particular subject access requests, to reduce the risk of non compliance with the DPA.

The Corporate Information Governance and Assurance Manager responded to a number of questions from Members in relation to the Council's significant data breaches. Furthermore, she outlined that all staff were now required to undertake mandatory training in relation to data protection.

Arising from discussions, the Vice-Chair advised that he had asked a question of the Portfolio Holder at the most recent meeting of Council, who had responded stating that he would be looking into the matter with a view to securing additional resources.

In addition, the Committee recommended that the Leader writes to the appropriate Government Department in relation to the cost burden placed upon Local Authorities in complying with the compliance of the Data Protection Act; and, in doing so, provide some examples where the Council had had to bear significant expenditure to comply with the Act in an attempt to demonstrate the burden on Councils, particularly in the context of dwindling budgets.

Resolved that: -

1. the outcome of the Audit and the content of the action plan be noted.
2. regard be given to the identified areas of good practice and areas of improvement as set out in the Executive Summary.
3. an interim update report on progress made against the action plan, prior to responding to the ICO, be brought back to a future Committee meeting.
4. the Leader be requested to write to the appropriate Government Department conveying the Committee's wishes, as set out above.

119/17

Financial Health Indicators 2016/17

A report was submitted:-

(see annexed)

The Chief Finance Officer presented the report and highlighted the salient points contained therein.

The report detailed the financial health indicators for the third quarter of the year (to 31st December, 2017) as shown in Appendix 1 to the report including the current year end forecast position for both revenue and capital.

The Chief Finance Officer responded to a number of questions by Members seeking assurance on the Indicators.

Arising from the discussions, Members requested a briefing note on the implications of the proposed pooling of pensions funds.

Resolved that the financial health indicators be noted.

120/17

Interim Risk Management Report

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided the Committee with a summary of the recent Risk Management Activity within the Council. As work was currently underway to fully document the controls and action plans in place for each risk, an updated Corporate Risk Register would be presented to the next meeting of the Audit Committee.

Members queried how often the identified risks were reviewed. The representative of Mazars confirmed that risks were reviewed on a quarterly basis.

Resolved that the corporate risks identified for the Corporate Risk Register be noted.

121/17

Internal Audit Progress Report 2016/17

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update on Internal Audit's progress for 2016/17 and performance for quarter three.

Arising from discussions, Members requested sight of the Audit Report in relation to Facilities Management.

The Vice-Chair sought confirmation of the process for running education reports past the Executive Director before being reported to Committee.

In addition, it was suggested that 'portal access' to Audit reports could be explored. The Representative of Mazars was tasked with proving a demonstration to Members at a future meeting.

Resolved that the contents of the report be noted and that the Facilities Management Report be forwarded to all Members.

122/17 **Ernst & Young Audit Planning Report for the Year Ending 31 March 2017**

A report was submitted:-

(see annexed)

The representative of Ernst & Young presented the report and highlighted the salient points contained therein.

The report provided the Audit Committee with details of Ernst and Young's audit plan for the financial year ending 31 March 2017. Furthermore, it detailed the planned audit strategy driven by an assessment of the key issues and significant risks that could affect the accounts, as set out in the report.

The plan covered the work to be undertaken to provide the Council with an opinion on the financial statements together with the value for money conclusion.

The representative of Ernst and Young responded to queries from Members around the threshold for materiality.

Resolved that the contents of the report be noted.

123/17 **Private Session**

Exclusion of Public

Resolved

That, during consideration of the remaining items on the agenda, the Committee considers that the items for consideration are exempt information for the reasons set out therein and Section 100A of the Local Government Act, 1972, and accordingly resolves to consider the items in private.

124/17 **Draft Internal Audit Plan 2017/18**

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report detailed the recommended Internal Audit Plan for 2017/18 for Audit Committee's approval and amendments necessary to the 2016/17 Audit Plan.

Members sought assurance from the External Auditors and the Chief Finance Officer that the plan was sufficient and met the requirements of the Councils contract.

Resolved that: -

1. the progress being made to develop the Audit Plan for 17/18 be noted;
2. that the necessary amendments to the 16/17 Audit Plan, as reported at the meeting, be noted.

(Exempt information by virtue of Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

125/17

Internal Audit Unplanned Activity Report 2016/17

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update of the ongoing unplanned Audit work.

Resolved that the contents of the report be noted.

(Exempt information by virtue of Paragraphs 1, 2, 3 and 7 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

Termination of Meeting

The meeting terminated at 7.11 p.m.

Chair:

Date: