

## **AUDIT COMMITTEE**

**Monday 24<sup>th</sup> September, 2018, at 6.00 p.m.**

**Conference Room, Council House, Walsall**

### **Present**

Mr A Green (Chairman and Independent Member)

Councillor Butler

Councillor J. Fitzpatrick

Councillor Hicken (arrived at 6.10pm)

Councillor Robertson

### **In attendance**

Head of Finance

Representatives of Mazars

Representatives of Ernst & Young (EY)

65/18

### **Welcome / Apologies**

The Chair welcomed all in attendance and asked everyone present to introduce themselves.

Apologies were received on behalf of Councillors Craddock and Chattha.

66/18

### **Minutes**

A copy of the minutes of the meeting held on 24<sup>th</sup> July, 2018, was submitted:-

(see annexed)

### **Resolved**

That the minutes of the meeting held on 24<sup>th</sup> July, 2018, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

67/18

### **Declarations of Interest**

None submitted.

68/18

**Deputations and Petitions**

There were no deputations submitted or petitions received.

69/18

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

That, where applicable, 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.

70/18

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

There were no issues raised under this item.

71/18

**Committee Decision Tracking Chart**

A report was submitted:-

(see annexed)

The Chair presented the report and highlighted the salient points contained therein.

The report outlined the purpose of the tracking chart which was to enable Members to monitor the various decisions taken by the Committee and provide a method of 'call-back' where required.

The Chair highlighted the training dates as set out within the table and reminded Members that they should attend such training sessions. Furthermore, the Chair sought clarification from Members as to whether they would prefer to stick with separate training dates or to hold training sessions prior to scheduled Audit Committee meetings?

**Resolved** that the report be noted and that the Clerk be tasked to see Members' preference on when training sessions should be held.

72/18

**Annual Audit Letter for the year ending 31 March 2018**

A revised was submitted:-

(see annexed)

The Head of Finance introduced the report and the Representative of Ernst and Young presented the report and highlighted the salient points contained therein.

The report presented Ernst and Young's Annual Audit Letter for 2017/18. It summarised the key issues arising from the work the external auditors had carried out at Walsall during 2017/18. The letter was designed to communicate key messages and conclusions to the Council and external stakeholders, including members of the public. The letter covered the following work areas: -

- Auditing the 2017/18 year end accounts and
- Assessing the council's arrangements for securing economy, efficiency and effectiveness to ensure Value for Money (VFM) was achieved.

Arising from discussions on this report, Councillor Robertson referred to page 11 of the report in relation to surplus land and requested further information in terms of what this related to in particular. The Head of Finance advised that this had been reported on previously and that she would forward a briefing note onto all Members on this matter.

Councillor Butler enquired as to how ICT ensured best value of ICT related equipment procurement in light of the fact that the phone he had been given was available much cheaper on-line when compared to the price stated on the box of the telephone he had received from ICT. The Head of Finance agreed to seek further information on this matter from ICT and send a briefing note out to all Members.

The Chair asked if the scope of the procurement Audit could be extended to incorporate preferred supplier lists and the extent to which, if any, service areas could go outside of such lists. The Internal Audit Manager advised that the scope of the Audit could be extended to include this.

In reference to 3.4 of the report, the Chair sought assurance around the valuation of BHX and the potential impact of BREXIT. The Head of Finance advised that more would be known in relation to this particular matter in the New Year and a report would come to the Committee at the appropriate time.

**Resolved** that Ernst and Young's Annual Audit Letter, as set out at Appendix 1 to the report, be formally received.

73/18

## **GDPR Review – Summary of Findings**

A report was submitted:-

(see annexed)

The **Internal Audit Manager** presented the report and highlighted the salient points contained therein.

The report provided the Audit Committee with the an update on the findings of the General Data Protection Regulations (GDPR) review carried out in August / September 2018.

The objectives of the audit had been to assess the adequacy of Walsall Council's risk management, control and governance processes for the General Data Protection Regulations (GDPR), which had come into force as part of the Data Protection Act 2018 on 25<sup>th</sup> May, 2018.

Overall, the audit found there to be Substantial Assurance in compliance with the regulations, and the following areas of strength were identified:

- The Council recently recruited a Data Protection Officer with a background in Information Security and sufficient knowledge and expertise to assist in guiding the Council towards compliance;
- The Council demonstrates a good level of compliance when benchmarked against similar organisations;
- GDPR related risks are included in Directorate Risk Registers;
- Framework implemented for conducting Privacy Impact Assessments in line with the guidance on such processes contained in GDPR;
- A clear and easily understood Privacy Notice is in place;
- Measures are in place to ensure policies and procedures are reviewed and are accessible to all staff;
- Adequate Data Breach Notification Procedures are in place;
- The Council has adopted Privacy by Design and Default, as recommended under the GDPR Article 25;
- Sufficient training is in place for all staff, including Information Asset Owners.

**Resolved** that the report be noted.

74/18

## **Review of the Effectiveness of the Audit Committee**

A report was submitted:-

(see annexed)

The **Head of Finance** presented the report and highlighted the salient points contained therein.

This report provided the Committee with an update on the arrangements for undertaking a review of the 'effectiveness of the Audit Committee' as recommended by CIPFA and sought the agreement of Members to a phased approach.

This report provided for: -

- An assessment against the good practice checklist for consideration.
- Consideration of knowledge and training requirements.
- Next steps to complete the evaluation of the effectiveness of the Audit Committee.

Both the Chair and the Head of Finance requested that all Members complete their self-assessment questionnaire at their earliest convenience (but by the end of October at the latest). It was agreed that the Head of Finance would resend the questionnaire to all Members.

Members discussed the importance of having a certain level of continuity in terms of Audit Committee Membership from all Group nomination each year. The Committee felt that this was vitally important in order to ensure that a good level of experience be maintained in order for the Committee to undertake and sign off important work early each Municipal Year when new Members were still learning and required training. The Head of Finance advised that she has held some initial discussions with the Head of Legal and Democratic Services, but the ultimate decision was in the gift of each Group Leader. Members stated that they would feedback this point to their respective Group Leaders. The Chair asked for this matter to be reflected in the questionnaire reply and for it to be noted in the minutes so that it could be formally sent to the Group Leaders from the Committee for their consideration.

The Chair enquired whether other Council departments should also fill in the questionnaire as well. The Head of Finance requested some additional time to come up with some proposals and report back to the Committee. The Chair asked that all Members be kept up to date on this matter and for to remain fluid rather than just waiting until January.

**Resolved** that: -

1. the CIPFA recommendation to undertake a regular assessment of Audit Committee effectiveness and consider the frequency of this, be noted
2. the attached assessment against the 'Good Practice Checklist' be noted and actions arising, amend as appropriate and approve the action plan.
3. the responses in relation to the 'Knowledge Self-Assessment' that Audit Committee members were requested to complete and comment on any further action needed, be noted.
4. the responses in relation to the 'Evaluating Effectiveness assessment' that Audit Committee members were requested to complete be noted.
5. Group Leaders be advised of the Committee wishes to ensure that a certain continuity be maintained on the Audit Committee in terms of change of membership each year.

A report was submitted:-

(see annexed)

The **Head of Finance** presented the report and highlighted the salient points contained therein.

The report provided the Committee, whose delegated role was to provide independent assurance regarding Walsall Council's counter fraud and corruption arrangements, with an update on: -

- The adequacy of counter-fraud and corruption arrangements,
- Refreshed policy documentation, and
- A proposed work programme of counter fraud activity.

The Head of Finance apologised the proposed work programme of Counter Fraud Activity (as highlighted in No. 2 on the table at page 80) had not held up and was not yet ready to circulate. In view of this, she would report back on this action plan at the January meeting.

The Chair requested that when the strategy was circulated at the January meeting, could any deviation from good practice by management be highlighted within the report.

Resolved that: -

1. assurances provided from this report, as well as the future plans outlined and provide input and challenge to the direction of travel regarding the Walsall's counter fraud and corruption arrangements be noted.
2. It be noted that a draft fraud risk assessment has been produced, which is currently being consulted upon, which will be formally reported to Committee later in the municipal year.

76/18

### **Internal Audit Progress Report 2018/19**

A report was submitted:-

(see annexed)

The Internal Audit Manager presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update on Internal Audit's progress on the 2018/19 audit plan and to present the findings of 2017/18 reports not finalised at the previous meeting.

Also attached to the report was the 2017/18 report on Employee Performance Review and Development. The objectives of this piece of work

were to provide constructive recommendations regarding the EPR process through discussions held with management and employees.

Members considered the report and requested that the Forest Arts manager be called to the January meeting of the Committee to seek assurance on that matter.

Councillor Robertson enquired about the Community Alarms and whether it would be also worth calling a manager to the January meeting. The Head of Finance advised that this matter would be going to Cabinet in October, which could affect the Committee's decision. The Chair called for an update on this at the January meeting to help the Committee decide if it wishes to call management in on this matter or not.

The Chair also queried the Pheasey Park report. The Internal Audit Manager advised that the next Audit on this was due in Quarter 4. The Chair stated that if there was no improvement, he would like this to be brought to the Committee straight away and for management representation to be present.

**Resolved** that the report be noted.

### **Termination of Meeting**

The meeting terminated at 7.10 p.m.

Chair: .....

Date: .....