

## Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **6<sup>th</sup> December 2016**.

### Present:

Cllr. Waters (Chairman);

Cllr. Buchanan (Vice-Chairman);

Cllrs. Link, Powell, Shorter, Smith, White

### Apologies:

Cllr. Krause, Elizabeth Jackson – Grant Thornton UK

### Also Present:

Corporate Director (Law and Governance), Head of Audit Partnership, Audit Manager, Head of Finance, Senior Policy Performance and Scrutiny Officer, Policy and Performance Manager, Member Services Manager.

## 205 Declarations of Interest

Councillor	Interest	Minute No.
Smith	Made a Voluntary Announcement as a Member of the Local Government Pension Scheme	209

## 206 Minutes

### Resolved:

**That the Minutes of the meeting of this Committee held on the 29<sup>th</sup> September 2016 be approved and confirmed as a correct record.**

## 207 Data Protection Update

The Head of Audit Partnership introduced the report which set out the progress made since the Committee received the last update report at the previous meeting on 29<sup>th</sup> September 2016. He referred to the section of the report which dealt with breach handling and drew attention to three very minor issues which were being dealt with. From an audit perspective he said he was happy that such breaches were now being identified. He explained that management were satisfied that procedures had been operated effectively and this would be tested by Audit in January 2017.

The Corporate Director (Law and Governance) explained that the report demonstrated a significantly improved position since the previous report and he advised on progress with recruitment of a Data Protection Officer. He also advised that in October consultants had been appointed to accelerate preparation of policy and protocol documents to ensure high and medium priority recommendations were met sooner. He explained that the previous report had identified the completion of one recommendation out of a total of nine whilst the report before the Committee that evening explained that five recommendations had been fully met with a further recommendation being considered by Management Team to be met, and two further recommendations had been partly met. In terms of the Data Protection Officer, he advised that interviews had been held that day and it was hoped that an appointment could be made in the coming days subject to scoring of written test results. A Data Protection Officer would now arrive with a compliance framework substantially in place and could then work with key workers on embedding new policies and procedures, monitoring and compliance, and would also prepare for the compliance with the new European Directive on Data Protection which would be in place from May 2018.

In response to a question as to how staff were made aware of Data Protection issues, the Corporate Director (Law and Governance) advised that the procedures were set out on the Council's intranet which also included links to the Information Commissioner web site. He reiterated that the consultants would be preparing a more detailed breach handling protocol which was expected to be in place by January 2017.

In response to a question from the Chairman regarding the recommendation R5 - training, the Corporate Director (Law and Governance) said that he believed that the training had been delivered to slightly more than the previous 91% of staff and further measures would be put in place to remind staff of the need to undertake the training and he confirmed that every reasonable step was taken to ensure that staff undertook all mandatory training. He, however, said that he did not have with him statistics as to whether all members of staff reporting direct to him had completed the course. The Chairman asked for an update on the current level of staff trained on Data Protection. In terms of training for key officers the Corporate Director (Law and Governance) said that 28 key workers and other staff had attended the recent training.

In response to a comment the Corporate Director (Law and Governance) said that the option of disciplinary action could be considered if mandatory training was not undertaken but whether this option was considered appropriate needed to be considered on a case by case basis. The Head of Audit Partnership commented that from the Audit perspective and in terms of risk the Information Commissioner was generally content if figures of completion were above 90% as training to such a level would reduce risk and therefore would not attract the interest of Audit.

In response to a question about the recruitment process for the Data Protection Officer, the Policy and Performance Manager confirmed that whilst it was hoped to make an appointment this was subject to test result scoring, it being noted that when appointed the Officer would be part of her team.

In response to a question the Corporate Director (Law and Governance) gave details of the nature of the contract with the specialist consultant and confirmed that draft documents prepared by them would be given full consideration internally before being finalised.

**Resolved:**

**That the progress made towards implementing recommendations raised in the Data Protection Audit Report brought to the Committee in March 2016 be noted.**

## **208 Annual Governance Statement – Progress on Remediating Exceptions**

The report updated on the progress made towards the areas of review highlighted by the 2015/16 Annual Governance Statement. The Senior Policy, Performance and Scrutiny Officer introduced the report and advised that the Cabinet and Overview and Scrutiny Committee had received the first reports from the Performance Dashboard and accordingly it was now considered that the system was sufficiently embedded within the Council's procedures.

In terms of the Strategic Risk Management Procedures, the Senior Policy, Performance and Scrutiny Officer advised that the cohorts work on the formation of service risk registers to support the service planning process were being embedded and would be scrutinised as part of the budget scrutiny process during December 2016. Accordingly, a further update on progress in this area would be reported back to the Committee in March 2017.

**Resolved:**

**That the progress made towards the areas of review highlighted by the Annual Governance Statement as detailed in the report be noted.**

## **209 Annual Audit Letter 2015/16**

The Annual Audit Letter from the Council's External Auditors, Grant Thornton had been included within the Agenda papers for the meeting. The letter was a summary of the work undertaken in 2015/16. The Head of Finance advised that Elizabeth Jackson, of Grant Thornton, had indicated to him that she was happy to receive any questions on the document by email. The Head of Finance updated in terms of the executive summary of the letter regarding certification of grants and advised that work on the Council's Housing Benefit subsidy claim had been completed to a satisfactory level. The Chairman considered that Officers should be congratulated for receiving an unqualified opinion on the Council's financial statements.

The Chairman referred to the comments made by Grant Thornton in terms of the management structure and their use of the term "quite lean" and said that he would like Grant Thornton to report back to the Committee as he was interested to see the information used by them in terms of assessing whether risk was sufficiently

mitigated. Other Members of the Committee said that they had concerns in terms of the strength of the senior Management Team in view of current vacancies. Another Member said that he was aware that the staffing and structure was being revised to reflect the Council's drive to become more business-like.

In response to a question about the level of fees for the audit of the Council's two companies, the Head of Finance advised that under the current arrangements the companies had been tied in terms of the availability of external auditors, however, he said that under the new regulations this was something that the companies could consider in the future.

In view of comments made by the Committee, the Head of Finance suggested that at the next meeting, under the issue of the Strategic Risk Register, focus could be considered in terms of skills and capacity.

In response to questions about valuation and the pension scheme, the Head of Finance gave details of the nature of the contract with the company who provided annual valuations for the Council and in terms of the pension deficit he advised that the draft budget report due to be considered by the Cabinet indicated that the overall level of funding for the Council's share of the scheme had increased from 74% to 80%. In terms of whether Grant Thornton had any views in terms of commercial development activities by other authorities, the Head of Finance indicated that he was happy to examine other reports published by the External Auditors to see whether any comments were available.

**Resolved:**

**That the External Auditors Annual Audit Letter be received and noted.**

## **210 Interim Internal Audit Report 2016/17**

The Head of Audit Partnership introduced the report which set out progress against the agreed Audit Plan for the first half of 2016/17 including detail on Audit findings and commentary on wider issues on Audit and the Service. The Head of Audit Partnership advised that he was pleased to report that the Audit Team had appointed an apprentice who would be with the team for one year.

A Member advised that the Member Training Panel had met that day and he said he believed it had been a very successful meeting and had looked at a number of issues on an ongoing basis. This also included Members' roles on outside bodies and dealing with the media.

**Resolved:**

**That the Internal Audit Interim Report be received and noted.**

## **211 Procurement and Appointment of External Auditors – Appointment of a “Specified Person”**

The Head of Finance advised that this was the fourth report to the Committee updating them on the emerging picture for the procurement of an External Auditor for the 2018/19 Financial Statement.

In response to a question, the Head of Audit Partnership said he understood that there was in the region of eight Audit companies nationally which had been approved by the Financial Conduct Authority.

### **Recommended:**

- That (i) **the Public Sector Audit Appointments (PSAA) invitation to opt in to the sector-led option for appointment of External Auditors for five financial years starting 1<sup>st</sup> April 2018 be accepted.**
- (ii) **the Head of Finance to liaise with the PSAA and respond to its consultations on specific proposals as they come forward.**

## **212 External Audit Update Report**

The report included a summary of ongoing Audit work at Ashford and other points of general interest.

### **Resolved:**

**That the report be received and noted.**

## **213 Report Tracker and Future Meetings**

### **Resolved:**

**That the report be received and noted.**

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(KRF/AEH)

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