

AUDIT COMMITTEE

20 December, 2017

PRESENT - Councillor Baldwin (in the Chair); Councillors Crudass and McEwan. (3)

OFFICERS – Peter Carrick, Central Finance Manager, Elaine Hufford, Finance Manager, Krystal White, ICT process Excellence and Planning Officer, Lee Downey, Complaints and Information Governance Manager and Andrew Barber, Audit and Risk Manager.

ALSO IN ATTENDANCE – Nicola Wright and Stuart Kenny, Ernst Young LLP.

A18. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A19. MINUTES – RESOLVED – That the Minutes (previously circulated) of the meeting of this Committee held on 21st September, 2017, be taken as read and approved as a correct record.

A20. CYBER SECURITY AND OPERATIONAL RESILIENCE STATUS REPORT – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) updating Members on the Council's current position in relation to cyber security and operational resilience.

The submitted report set out the definition of cyber security which was the body of technologies, processes and practices designed to protect networks, computers, programmes and data from attack, damage or unauthorised access and it was reported that the Council had a mature and well-embedded information security management system based on best practice which ensured that cyber risks continued to be effectively managed. In addition, operational resilience, in particular, the ability to respond quickly to, and recover from, a disruption to key services, was supported by appropriate business continuity plans and the secondary data centre facilities.

The Committee were reassured about the control measures in place together with the resilience protocols

RESOLVED – That the report be noted.

A21. GENERAL DATA PROTECTION REGULATIONS (GDPR) COMPLIANCE PROGRAMME – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) giving an overview of the General Data Protection Regulations (GDPR) and the Council's progress to date in preparing for implementation.

It was reported that the GDPR would, on 25 May 2018, replace the Data Protection Act (DPA) 1998 and would remain in place until the UK left the EU or implemented primary legislation. It was reported that the GDPR was built upon the DPA and, as such, the work the Council had done to date, provided a solid foundation for achieving GDPR compliance.

Following questions by Members, it was reported that an Academy 10 training course on Data Protection which would be mandatory for all employees to complete was being developed and that a short training session for Members could also be held in the New Year. It was requested that a progress report on the percentage completion of the module across departments be submitted to a future meeting of this Committee.

A couple of minor corrections to appendix 1 of the submitted report relating to completion by dates were highlighted at the meeting.

RESOLVED – That the report and the progress to date by the Council in preparing for the implementation of GDPR be noted.

A22. ANNUAL AUDIT LETTER 2016/17 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a copy of the Annual Audit Letter for 2016/17.

Discussion ensued on the change in requirement for Council's to approve and publish their accounts earlier in the year in the future and to the processes and procedures in place to ensure that this happened without causing a significant impact on workloads at year end.

RESOLVED – That the Annual Audit letter 2016/17 be noted.

A23. MID-YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2017/18 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) seeking approval of the revised Treasury Management Strategy, Prudential Indicators and providing a half-yearly review of the Council's borrowing and investment activities.

It was reported that the mandatory Prudential Code, which governed Council's borrowing, required Council approval of controls, called Prudential Indicators, which related to capital spending and borrowing. The indicators were set out in three statutory annual reports and the key objectives of those reports were set out in the submitted report, together with the key proposed revisions to the indicators which related to lower capital expenditure in 2017/18 due to slippage on some Council schemes into 2018/19 and an increase in the Operational Boundary.

Members examined the Prudential Indicators and the Treasury Management half-yearly review and were satisfied with the Council's borrowing and investment activities and the reported prudential indicators.

Discussion ensued on the current position in relation to the inclusion of expenditure within the capital programme to offer a loan facility to Registered Social Landlords (RSL's) if required and the decision to invest in pooled property funds to increase investment income to the Council.

It was requested that an update report on the position in relation to pooled property funds and new borrowing be submitted to a future meeting of this Committee.

RESOLVED - That the submitted report be referred to Cabinet and that it be advised that this Audit Committee approves the revised prudential indicators and limits and

notes the reduction in the revised Treasury Management Budget (Financing Costs).

A24. MID-YEAR RISK MANAGEMENT UPDATE REPORT 2017/18 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) updating Members on the approach to and the outcomes from the Council's Risk Management processes.

It was reported that positive progress continued to be made within the Authority regarding the management of key strategic risks and the submitted report outlined the work undertaken by Officers to manage operational risks.

Particular reference was made to the current position in relation to the Ofsted judgement in relation to Children's Services and it was reported that an update report on the current position be submitted to the next ordinary meeting of this Committee and that the relevant Director or Assistant Director be invited to attend.

RESOLVED – That the report be noted.

A25. AUDIT SERVICES ANNUAL AUDIT PLAN 2017/18 – The Audit and Risk Manager submitted a report (previously circulated) outlining the progress made against the 2017/18 Annual Audit Plan.

The submitted report outlined the progress to date on audit assignment work, consultancy/contingency activity and performance indicators and it was reported that the first part of the year had been focussed on ensuring the new team and systems were embedded, with audit assignments being undertaken towards the second half of the year.

It was reported that, in view of the reduced staffing levels within the section, the programme of audits to be undertaken during 2017/18 had been reduced from 71 to 66 and the Audit and Risk Manager advised that he was confident that the programme could be delivered.

Members particularly requested that the audit in relation to Members' payments and allowances/travel and subsistence be undertaken during the year.

RESOLVED – That the report be received.