

Audit Committee

This report summarises the items considered by the Audit Committee on 26th October:

Annual Audit Letter (Agenda Item 6)

David Johnson, Engagement Manager, Grant Thornton presented his report to members. He explained that the Annual Audit Letter provided a summary of the year.

He advised members of some key points from within the letter. These included;

- Page 10 of the report detailed risks which had been highlighted. These included Valuation of Property and Valuation of pension fund net liability. He advised that further discussions had taken place with the S151 Officer and the finance team to agree a way forward.
- He drew member's attention to page 13 of the agenda. The first phase of the Transformation Project had now taken place and the opinion which was given will be revisited next near once the next phase has begun.

In response to a member's question, the Engagement Manger advised that the figure of £1.6 million detailed on page 14 had been amended following an early Transformation report which contained outline figures. The increase was the result of a more detailed assessment of the profile of the Councils workforce.

The Engagement Manager advised that there was a typing error on page 16 of the agenda. £49,726 should read £49,276.

He further advised that the Housing Benefit Audit was on-going and was not included within the letter; however a report will be referred to the Audit Committee in December.

RESOLVED: that members noted the report.

Treasury Management Practices (Agenda Item 7)

The Principal Accountant presented her report to members. She advised that this was an annual report which outlined the 12 Treasury Management Practices which the Council needed to comply with.

She advised there were very few amendments to the report; however there had been a change to the job title of the S151 Officer.

The Chairman pointed out that page 37 of the agenda detailed the responsibilities of the Audit Committee.

One member advised that on page 39 of the report, item 3 – first sentence, that it should read 'their' rather than 'his.'

In response to a member's question, the Principal Accountant confirmed that the third party funds which were detailed on page 41 had to remain held as part of the Council accounts.

RESOLVED: that members approve the Treasury Management Practices.

46. Treasury Management Strategy Statement and Investment Strategy 2017/18 - Mid-year review (Agenda Item 8)

The Principal Accounted presented the report to members. She pointed out that there were two regulatory changes which were included in the report, which were to MiFID II and to the CIPFA Consultation on Prudential and Treasury Management Codes. She advised that these would be included within the 2018/19 strategy.

She informed members that the Council had decided to opt to be a 'professional customer', rather than opting to be treated as a retail client.

She advised that amendments to the statement were shown in yellow and included some amendments to job titles.

She clarified some of the alterations for members. She advised members that the figures contained in point 4.6 included property investments which had been agreed by other committees. She advised that the strategy now incorporated the plans to acquire further investment properties. She also pointed out item 5.6 which had been amended to increase the amount that the council could borrow to allow for investment properties to be purchased.

She advised that there was a typing error on pages 71. She explained that the brackets should be removed from Prudential Indicator 2 for 2018/19 and 2019/20 as the figures were a cost rather than an income.

She responded to members questions and advised that any future amendments to the TMSS would be referred to the Audit Committee. She also advised that Arlingclose would be attending a future meeting of the committee to provide advice and to provide a briefing on investment borrowing.

Some members expressed concern over the high amount of borrowing which was included in the report.

RESOLVED: that members agreed to note the report, however they were aware of the dangers, and agreed that the strategy would require careful review and dedicated monitoring of future expenditure.

47. Fraud and Data Team Update (Agenda Item 9)

The Fraud and Data Manager presented her report to members. She advised that Data Protection was a big concern for the authority and, in particular, the data being handled by third parties hence an audit had been commissioned to assess the extent of compliance. Following the audit, guidance had now been provided again to managers.

She further advised that some phishing training and testing had been provided to staff by the IT team to reinforce the advice not to click on unknown email attachments etc as these often were the source of viruses and malware.

She advised members that, following the restructure, as part of the Transformation project, responsibility for preparing for the General Data Protection Regulation (GDPR) was unclear and although a plan was in place there were insufficient staff resources to deliver it on time. Under the re-structure, the Fraud and Data Officer was to become a Team Leader on the Support Services Case Management Team and the Fraud and Data Manager herself was to become a Legal Specialist within Support Services and although she hoped that they would both be

involved in GDPR preparation and data protection issues (as they were both qualified), this had not been confirmed. In addition, the loss of the Data and Fraud Intern to the Transformation Team last November meant there was a reduction in staff resource within the team and so little or no progress was being made on counter fraud matters.

In response to a member's question, she confirmed that the Civil Contingencies Manager and the Risk and Procurement Manager were no longer in post although she was unclear exactly when the former had left. She was unaware whether the tasks assigned to these members of staff under the audit had been carried out but the Fraud and Data team would be following up on the outstanding issues.

Members suggested that they would like to see the report included on the Forward Plan for every meeting of the Audit Committee.

Laura Wicks, Senior Auditor SWAP, agreed that staff resource was a big concern.

The Chairman advised that he was concerned about the opportunity for major fraud and cyber-crime which cannot be addressed at this time, due to staff shortages.

RESOLVED: that members noted the report however the committee agreed that they were very concerned at the risk to the authorities data and risk of fraud through the lack of resources available to safeguard the authority overall.

Cllr Derek Yeomans
Chairman of Audit Committee