

AUDIT COMMITTEE

6.10 P.M.

28TH NOVEMBER 2018

PRESENT:- Councillors Abbott Bryning (Chairman), Alan Biddulph (substitute for Colin Hartley), Nathan Burns, Oliver Robinson, Malcolm Thomas and Nicholas Wilkinson

Apologies for Absence

Colin Hartley (Vice-Chairman)

Officers in attendance:-

Joanne Billington	Internal Audit and Assurance Manager
Daniel Bates	Financial Services Manager / Section 151 Officer
Lisa Vines	Elections Manager (minutes 13 to 18 only)
Dawn Allen	Audit Assistant (minutes 13 to 17 only)
Clay Garland	Information Governance Officer
Sarah Moorghen	Democratic Support Officer

Also in Attendance:-

Helen Taylor Senior Manager, Deloitte

13 **MINUTES**

The minutes of the meeting held on the 24th July 2018 were signed by the Chairman as a correct record.

14 **ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN**

There were no items of urgent business.

15 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

16 **REGULATION OF INVESTIGATORY POWERS (RIPA) POLICY**

The Information Governance Officer presented a report on the current process relating to the Regulation of Investigatory Powers (RIPA) Policy and the required changes in relation to the updated data protection legislation and the new senior management structure.

It was reported that Part II of the Regulation of Investigatory Powers Act 2000 (RIPA) governed public authorities use of covert surveillance and of 'covert human intelligence sources' (CHIS). Councils were required to formally establish responsibility for approving RIPA authorisations.

Members were advised that, under the current policy, the process for obtaining RIPA

authorisations across the Council was delegated to a number of different officers with the central register being held and maintained by Internal Audit. It was felt that having the RIPA register and RIPA forms kept in different departments increased the risk of the information being inaccurate and authorisations or renewals being missed.

In light of this and given the recent senior management restructure and the changes in data protection legislation, the opportunity had been taken to review the Council's RIPA policy which was last reviewed and approved by the Audit Committee in January 2015.

Members asked a number of questions in relation to RIPA, authorisations for its use and the Council's RIPA Policy. It was reported that RIPA regulated covert surveillance but that its use was very limited and that the Council had to go before a Magistrate to gain authorisation to use RIPA. Members were also informed that while administration of RIPA Policies may vary between Councils the application of RIPA would be the same nationwide.

Members were informed that RIPA authorisations would only be given by Directors and in the absence of a Director, authorisations would be delegated upwards to the Chief Executive.

It was proposed by Councillor Thomas and seconded by Councillor Burns:

"That the recommendations in the report be approved."

Upon being put to the vote, Members vote unanimously in favour of the proposition, whereupon the Chairman declared the proposal to be clearly carried.

Resolved:

- (1) That the Audit Committee approve the changes made to the RIPA Policy.
- (2) That Audit Committee remain responsible for the approval of this policy when revisions are scheduled to be made and they continue to be updated on the use of RIPA and CHIS to conduct direct surveillance.

17 INTERNAL AUDIT MONITORING

The Internal Audit and Assurance Manager (IAAM) presented a report which informed Members on the latest monitoring position regarding the 2018/19 Internal Audit plan and the latest monitoring position regarding the implementation of the Annual Governance Statement (AGS) action plan for 2017/18.

The 2018/19 Internal Audit Plan had been approved by the Audit Committee at its meeting on 21st February 2018 and the report provided a summary of the monitoring position up to 1st November 2018.

Members asked questions regarding the lack of a strategic risk register and the potential risk that posed to the Council. The Committee was informed that risk management had been raised as a significant concern on the Annual Governance Statement (AGS) for a number of years. The IAAM informed Members that risk management was taking place across the Council and the Council does have operational risk registers within Internal Audit that are used to formulate the audit plan. In addition, as risk management has

been listed as a significant issue in the AGS again this year, it will be closely monitored via Management Team (see AGS action plan update). The interim Financial Services Manager / Section 151 Officer advised Members that they should take assurances from the fact the External Audit had not raised risk management as a concern in their work or issued a 'qualified opinion'.

It was proposed by Councillor Wilkinson and seconded by Councillor Burns:

"That a draft risk register be added to the agenda for the next Audit Committee Meeting"

Upon being put to the vote, Members voted unanimously in favour of the proposition, whereupon the Chairman declared the proposition to be clearly carried.

The Internal Audit and Assurance Manager reported that at the meeting in May 2018, Members had agreed that the Committee could invite auditees to attend and discuss any recent audit work recent completed in an effort to assist internal audit demonstrate how their work has added value.

The Chairman welcomed the Elections Manager to the meeting who had come to talk to Members about the audit that had been completed of the Election Accounts in September 2018. The audit had been given a substantial assurance, therefore no post audit review was necessary.

The Committee was advised that the internal audit process had been very straightforward and had offered reassurance that the accounts were being done correctly and that the Council wasn't missing out on any available funding.

Members asked questions regarding staffing in Audit, restructuring of the service and apprenticeships.

The IAAM then referred Members to the progress made in implementing the actions agreed following the approval of the 2017/18 Annual Governance Statement. Members were reminded that ownership of the actions rest with Management Team.

Resolved:

- (1) That the draft risk register be added to the agenda for the next Audit Committee Meeting.
- (2) That the latest monitoring position in relation to the Audit Plan be noted.
- (3) That the proposed revisions to the Audit Plan as set out in the report be approved.
- (4) That the last progress in relation to the AGS action plan for 2017/18 be noted.

18 AUDIT COMMITTEE EFFECTIVENESS

The Internal Audit and Assurance Manager (IAAM) presented a report on the requirement to complete a regular assessment of the Audit Committee's performance.

Following the Public Sector Internal Audit Standards (PSIAS) peer review completed in

February 2018 it was identified that a review of effectiveness had never been completed at this Council and that one should be completed at the earliest opportunity in line with CIPFA guidance but also to provide the necessary assurances to Full Council that any work completed by the committee was effective.

The self-assessment of good practice was attached to the report at Appendix A for information. It was proposed that this would be completed by the Internal Audit and Assurance Manager (IAAM) and the Section 151 Officer and then scrutinised by the Audit Committee after the May 2019 elections once the appointment to committees had been completed.

Individual Committee Members would then liaise individually with the IAAM to work through CIPFA's 'knowledge and skills framework' to ensure any gaps in the required 'core' skills and knowledge were addressed. In addition, any 'specialist' knowledge that added additional value to the Committee would also be documented.

The IAAM explained how in addition to the self-assessment and individual one-to-ones, she would also pull together and maintain a 'live' document to evidence how the Committee has and will continue to support the organisation and add value in the future.

Members asked a number of questions regarding the CIPFA self-assessment checklist and the requirements for independent members.

It was proposed by Councillor Burns and seconded by Councillor Robinson:

"That the recommendations in the report be approved"

Upon being put to the vote, Members voted unanimously in favour of the proposition, whereupon the Chairman declared the proposal to be clearly carried.

Resolved:

- (1) That the report informing the Audit Committee of the requirement to complete a regular assessment of their performance and effectiveness be noted.
- (2) That the Audit Committee agree to use the 'self-assessment of good practice' (Appendix A) contained within the CIPFA publication 'Audit Committees';
- (3) That the Committee agree to use the Practical Guidance for Local Authorities and Police 2018' following the May 2019 elections to assist in demonstrating their effectiveness and performance.
- (4) That the Audit Committee agree to liaise individually with the Internal Audit and Assurance Manager following the May 2019 election to work through CIPFA's 'knowledge and skills framework' to ensure all core requirements are met and any gaps are identified and addressed.
- (5) That the Internal Audit and Assurance Manager develops a record to evidence how the Audit Committee has and will continue to support the organisation and add value in the future.

19 LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW LETTER 2018

The Internal Audit and Assurance Manager (IAAM) presented a report on the Local

Government Ombudsman's (LGO) Annual Review Letter for the year ending 31st March 2018.

It was reported that the Local Government Ombudsman (LGO) had received 12 complaints and enquiries against the Council in 2017/18, compared to 15 in 2016/17.

Members were advised that, of the 12 complaints and enquires received, no detailed investigations had been completed by the LGO during 2017/18 and that all cases were either closed with no further action required or referred back to the Council for a local resolution.

The IAAM provided Members with comparative statistics across other Lancashire authorities. Members asked questions about the low complaint rate and were advised that the rate was comparable given the statistics. Members were also re-assured that as the LGO had not completed any detailed investigations into the 12 cases, suggests that they are happy with the procedures in place at the Council.

Resolved:

That the report be noted.

20 ANNUAL AUDIT LETTER 2017/18

The Interim Financial Services Manager / Section 151 Officer presented the Annual Audit Letter 2017/18 prepared by KPMG which summarised the outcome from their audit work in relation to the 2017/18 audit year.

KPMG had issued an unqualified opinion on the Authority's financial statements on 31st July 2018.

It was reported that KPMG had identified one corrected audit adjustment with a total value of £7.9 million. This adjustment resulted in a net decrease of £1.9 million in the reported surplus/deficit on provision of services, but had had no impact on the General Fund balance. Members were advised that this related to a lump sum pension contribution.

Resolved:

That the Annual Audit Letter 2017/18 be accepted.

21 FEE LETTER 2018/19

The Committee received Deloitte's annual fee letter for 2018/19 confirming the audit work and the fee that was proposed.

Helen Taylor, Senior Manager, Deloitte advised that the scale for the fee was set by the Public Sector Audit Appointment Limited (PSAA) and that the fee for 2018/19 was lower than the 2017/18 fee.

The Committee was advised that this was Deloitte's first year as auditors and work had recently started to document systems. Deloitte had reviewed KPMG's files under supervision and would present a more formal plan for the 2018/19 to Audit Committee in

May 2019.

Members asked question regarding the fee and the number of staff who would be conducting the audit and were advised that there would likely be 3 full time auditors on site for the full audit.

Resolved:

That the Audit Fee Letter 2018/19 be accepted.

Chairman

(The meeting ended at 7.45 p.m.)

**Any queries regarding these Minutes, please contact
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