

Audit Committee

Wednesday 30th May 2018 at 7:00 pm

Present: Councillors Murtagh (Chair), Manro, Sabiers, and Young.

In Attendance: Pat Main (Interim Head of Corporate Finance), Mike Pinder (Head of Audit and Investigations), Simon Peet (Interim Finance Manager), Tim Hooper (PwC) and Janine Jenkinson (Democratic Services).

1. Apologies for Absence

Apologies for absence had been received in advance of the meeting from Councillor Tomlinson, Ross Brown (Director of Finance), Neil Thomas (External Auditor KPMG), Ewan Taylor (Audit and Risk Manager), and Steve Lucas (External Auditor KPMG).

2. Urgent Matters

There were none.

3. Matters to be Considered in Private

Agenda Item 8, Appendices A and C contained information that was exempt from disclosure by virtue of Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972. The appendices were not considered in private, as it was not necessary to discuss the details of the exempt information provided.

4. Declarations of Interest

There were none.

5. Minutes

Resolved: That the minutes of the meeting held on 7th March 2018 be agreed and signed by the Chair, as a true and correct record.

6. Draft Annual Governance Statement 2017/18

Mike Pinder, Head of Audit and Investigations, presented a report which set out the methodology for producing the Annual Governance Statement (AGS) for 2017/18 and highlighted the governance issues.

Members were informed that the preparation and challenge to the AGS had been provided by a multi-disciplinary team; an AGS working group consisting of the Director of Finance, Director of Legal and Democratic Services, Director of Human Resources and Occupational Development, Director of Strategy and Engagement and the Head of Audit and Investigation.

One of the key roles of the Audit Committee was to oversee the Council's control environment and its associated system of internal control and assurance processes. The assurance process was provided through regular

reporting to the Committee of internal audit, external audit and risk management work undertaken during the year. The process to compile the AGS included a self assessment return by all directors and executive directors for their services and review and input by the AGS working group which had oversight of key governance processes across the Council.

Councillor Manro queried the functions of the General Purposes Committee listed in section 3.13 of the Statement. The Head of Audit and Investigations agreed to check the details and ensure the correct information was reflected in the final report.

In relation to the Governance Issues set out in Table 1, section 4 of the Statement - Council Owned Companies, Councillor Sabiers noted the sentence 'An action plan has been set out for the Council Owned Companies Governance Board to agree and monitor implementations' and asked if the Committee could be provided with the details of the Action Plan. The Head of Audit and Investigations agreed to report back to the Committee.

Resolved: The Audit Committee noted the Draft Annual Governance Statement for 2017/18.

7. Head of Internal Audit 2017/18 Quarter 4 Internal Audit and Investigation Update Report

Mike Pinder, Head of Audit and Investigations, presented a report which outlined the Head of Audit's opinion on the Internal Audit work completed in 2017/18 and incorporated an update on the work of Internal Audit and Investigations for Quarter 4, 1 January 2018 – 31 March 2018.

The Head of Audit's overall opinion on the Council's system of internal control, governance and risk management was that reasonable assurance could be given that there was a sound system of internal control, designed to meet the organisation's objectives and that controls were applied consistently.

Councillor Manro highlighted that audit 8-12 – Schools themed audits, payroll and safe recruitment for Dormers Wells Infants and Nursery final report issued Q4 was 'nil assurance'. In addition he highlighted that the audit 14 – Direct payments had an audit status 'Limited Assurances'.

Members noted that during the period there had been six final reports issued. Three of the final reports had a Limited Assurance opinion, these were: Licensing (Homes of Multiple Occupation), Review of Related Parties and Electrical Safety. Members suggested that these areas could be reviewed by the Council's Overview and Scrutiny Committee.

Councillor Manro highlighted the successful pro-active anti-fraud work that had been undertaken throughout 2017/18 set out in section 9 of the report. He noted that the team had conducted a housing fraud tenancy drive in March 2018 and 108 properties had been visited. He asked how the 108 properties visited had been chosen. The Head of Audit and Investigations explained that

two housing estates had been visited, and the team had utilised a variety of data to calculate where it was most likely fraud would occur. He explained that the tenancy drives acted as a deterrent and increased resident awareness.

In relation to the investigation team's performance to 31 March 2018, set out in section 11 of the report, Councillor Manro suggested that a three year average could be calculated to set performance targets.

Resolved: The Audit Committee noted:

- **the performance of the Internal Audit and Investigation team and key issues arising during the period 1 January 2018 – 31 March 2018;**
- **the Head of Internal Audit's Annual Opinion; and**
- **that there were no changes to the Internal Audit Charter.**

8. Risk Management Performance Report – Quarter 4 2017/18

Mike Pinder, Head of Audit and Investigation provided the Committee with an update in respect of the review by Corporate Board of strategic risks facing the Council as at the end of Quarter 4, 2017/18.

Members were advised that the current Strategic Risk Register (SRR) contained 17 risks, and there had been no changes to the risk ratings since the end of Quarter 3.

Strategic risks ISR0001 and ISR0008 had been assessed as having 'High' residual risk; however the risk scores were unchanged since Quarter 3. The residual risk scores and medium risk ratings of 12 of the remaining 15 strategic risks were unchanged. In most cases, either actions were being taken by services to develop or enhance the control measures to mitigate the risks or the risks were being addressed as part of the Future Ealing Programme.

The Head of Audit and Investigations reported that in the three instances, although the ongoing controls being exercised by the services did not mitigate the residual risk to a below medium rating, no further cost effective enhancements to controls could be developed. In these circumstances, Corporate Board had agreed to tolerate the medium level risk rating.

Resolved: The Audit Committee considered the current Strategic Risk Register, as set out in Appendix A of the report, and was assured that it included all appropriate strategic risks facing the Council, and that all necessary and appropriate actions were being taken to safeguard the Council's business and reputation.

9. Date of Next Meeting

The next meeting was scheduled for 25 July 2018 at 7.00 pm.

The meeting ended at 7.45 pm.

Councillor Tim Murtagh, Chair

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