

AUDIT COMMITTEE

Minutes of the Meeting held on 4 December 2017 at 2.00 pm in the Council Chamber, Williton

Present

Councillor R Lillis.....Chairman

Councillor P Pilkington
Councillor R Thomas

Councillor R Woods
Councillor N Thwaites

Officers In Attendance

Assistant Director for Corporate Services (R Sealy)
Corporate Strategy and Performance Officer (R Doyle)
Corporate Transformation Programme Manager (K Batchelor)
Principal Corporate Accountant (S Plenty)
Democratic Services Officer (C Rendell)

Also In Attendance

Rebecca Usher, Manager, Grant Thornton
Alastair Woodland, Assistant Director, South West Audit Partnership (SWAP)

A.30 Apologies for Absence

Apologies were received from the Vice Chairman (Councillor K Mills), Councillor T Venner and Peter Barber, Manager, Grant Thornton.

A.31 Minutes

(Minutes of the Meeting of the Audit Committee held on 25 September 2017, circulated with the Agenda)

RESOLVED that the Minutes of the Audit Committee held on 25 September 2017, be confirmed as a correct record.

A.32 Declarations of Interest

Name	Minute No.	Member of	Personal or Prejudicial	Action Taken
Cllr P Pilkington	All	Timberscombe Parish Council	Personal	Spoke and voted
Cllr R Thomas	All	Minehead Town Council	Personal	Spoke and voted
Cllr N Thwaites	All	Dulverton Town Council	Personal	Spoke and voted

A.33 Public Participation

No members of the public had requested to speak on any item on the Agenda.

A.34 Audit Committee Action Plan

(Copy of the Audit Committee Action Plan circulated with the Agenda).

There were two recorded actions from the last meeting on 25 September 2017, both of which would be resolved by the meeting to be held on 19 March 2018.

RESOLVED that the Action Plan be noted.

A.35 Audit Committee Forward Plan

(Copy of the Audit Committee Forward Plan circulated with the Agenda).

RESOLVED that the Audit Committee Forward Plan, with the requested amendments, be noted.

A.36 Grant Thornton External Audit – Annual Audit Letter 2016-2017

(Report No. WSC 135/17, circulated with the Agenda).

The purpose of the report was to summarise the key findings from the external audit work carried out in respect of the 2016-2017 financial year and detailed the actual audit fees charged.

The Auditor from Grant Thornton gave a brief overview of the letter which was a summary of the findings from the external audit work carried out in 2016-2017. The Annual Audit Letter confirmed that:-

- The Auditors had issued an unqualified opinion in respect of the Statement of Accounts for 2016-2017;
- The Auditors were satisfied that the Council put proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017; and
- The Fees charged for 2016-2017 were £42,525 in respect of the statutory audit.

During the discussion of this item the following points were made:-

- Members queried why the Harbour Accounts were zero.
The Harbour Accounts were completed as part of the main audit work but were a separate set of accounts.
- Members requested a copy of the Harbour Accounts be sent to the Committee.
The Principal Corporate Accountant would send the information to Members.
- Members queried why West Somerset House was not included in the property section of the audit papers.
Only property assets of a certain value were included in the audit.
- Members queried if there was a long term audit plan for the next ten years.
The Council was checked as a going concern which gave information for the 12 months after the accounts were signed. The Medium Term Financial Plan was also checked for Value for Money and this covered a five year period. Details on the new Council were not included in the figures.

RESOLVED that Members noted the report from the External Auditor.

A.37 SWAP Internal Audit – Progress Update 2017/2018

(Report No. WSC 136/17, circulated with the Agenda).

The purpose of the report was to provide the Audit Committee with an update on the Internal Audit Plan 2017-2018 progress and bring to their attention any significant findings identified through the work of the South West Audit Partnership (SWAP).

The Associate Director for SWAP introduced the report and notified Members that there was one Partial Assurance review that had been identified around Car Park Maintenance. Whilst that review was given a partial assurance, it did not identify any corporate level risks.

The objective of the review was to ensure that the Parking Maintenance Plan took into consideration the commitments within the Growth Agenda, that money was spent wisely and health and safety risks were controlled effectively.

The review had identified a key concern with regards to Management's knowledge of the car parking maintenance budget for West Somerset. Whilst SWAP had identified there was sufficient budget for high priority repairs to be undertaken, during the course of the audit they had been provided with three different figures that varied by £66,600.

Since the meeting held on 25 September 2017 there had been no changes to the Internal Audit Plan 2017-2018.

During the discussion of this item the following points were made:-

- Concern was raised on whether SWAP would need more days allocated to data protection to cover the new General Data Protection Regulations (GDPR).
The Audit Plan was flexible and additional days could be given to the GDPR if required. Officers had worked with SWAP to compile the action plan for the GDPR.
- Concern was raised over the variance of the car parks maintenance budget.
The figures SWAP had been given were purely for the maintenance budget and not car parks as a whole. The department had made a plan so the Council's risks were addressed.
- Concern was raised that the Car Park Strategy was last updated in 2005. Members knew of a previous Councillor that would carry out an update on the strategy.
SWAP would need to check if the person was suitable and qualified to carry out the work on the strategy.

RESOLVED that the significant findings and progress made in delivery of the 2017-2018 Internal Audit Plan be noted.

A.38 Treasury Management Update

(Report No. WSC 137/17, circulated with the Agenda).

The purpose of the report was to provide Members with an update on the Treasury

Management activity of the Council for the first six months of 2017-2018. It focused on a review of the Council's borrowing and investment activities.

The Principal Corporate Accountant introduced the report, which stated that Full Council had previously approved the Treasury Management Strategy Statement, Minimum Revenue Policy and Annual Investment Strategy for 2017-2018 in line with the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The Council was required to receive and approve, as a minimum, three main reports each year, which incorporated a variety of policies, estimates and actuals. These reports were required to be adequately scrutinised by Committee before being recommended to the Council. This role was currently undertaken at West Somerset Council by the Audit Committee.

Members were informed that the investment income was predicted to be £0.004m below the budget of £0.032m for the financial year 2017-2018.

In terms of borrowing, the Council currently had no external loans and was not predicted to need to borrow externally for the remainder of the 2017-2018 financial year, however, finance officers would continue to monitor it closely.

During the discussion of this item the following point was made:-

- Members queried due to the low rates of inflation whether the Council would be in a better financial position if money was spent rather than invested. *The Finance Department was guided by what was stated in the Capital Programme. The Principal Corporate Accountant confirmed that there was a minimum revenue provision required and even though there was no external borrowing, the Council had carried out some internal borrowing.*

RESOLVED that the Treasury Management position as at 30 September 2017 be noted.

A.39 New Data Protection Legislation

The purpose of the presentation was to provide Members with an update on the new European Union (EU) General Data Protection Regulations (GDPR) which would be applied in the United Kingdom (UK) from 25 May 2018.

The GDPR replaced the Data Protection Act 1998 (DPA) and had entered into EU law on 25 May 2016. It would be applied in the UK from 25 May 2018 and would still apply despite of Brexit.

The aims of the GDPR were to:-

- Give citizens back control over their personal data;
- Simplify the regulatory environment for businesses; and
- Create a modern and harmonised data protection framework.

The key changes between the DPA and GDPR were:-

- The area covered. DPA was only applied in the UK, the GDPR was EU wide;
- Under the GDPR, fines could be up to a maximum of £16,800,000 or 4% of the global turnover;
- The Data Protection Officer was now a mandatory post for public authorities;
- Data breaches needed to be reported if it was likely to result in a risk to the rights and freedoms of individuals;
- People had the 'right to be forgotten' and ask for their personal data to be erased;
- The Data Protection Impact Assessment and Privacy Impact Assessment would be mandatory;
- Subject Access Requests would have a shorter timescale of one month and no fees would be applied; and
- Consent from people would be required to either opt in or opt out.

There were a few examples of lawful processing which meant that personal data could be retained. Processing was necessary for:-

- The performance of a contract or to enter into a contract;
- Compliance with a legal obligation;
- The protection of the vital interest of a data subject or another person; and
- The performance of a task carried out in the public interest or in the exercise of an official authority vested in the controller.

The Corporate Strategy and Performance Officer advised Members on actions that needed to be taken before May 2018 by both staff and Members.

During the discussion of this item the following point was made:-

- Concern was raised on whether the GDPR affected information held on the Electoral Register.
Provisions were already in place, there was a public register and a private register for people who did not want their information sold to companies. Customers would be legally obliged for their information to be held by some departments such as Council Tax and Benefits. Information held for marketing would no longer be permitted. The GDPR would redress the balance.
- Concern was raised on how the GDPR would affect the way charities approached people for donations.
- Members queried in which country the information would be held.
Data would be held in 'cloud' storage and the servers would be located within the EU. Test cases would be used to set up the framework. Public Authorities had to be careful that information was only used as intended.
- It was confirmed that the GDPR applied to Town and Parish Councils.
- Members queried if the GDPR applied to any information that Members held.
Yes it applied to all personal data held. Ideally, any information should be held once and in electronic form which would make it easier to manage.

A.40 Transformation Project Update

The purpose of the presentation was to provide Members with an update on the Transformation project.

The Corporate Transformation Programme Manager reminded Members of the progress made by both Councils through the Transformation project.

The programme structure was explained to Members and details of lead officers in post were given as follows:-

- One Future Model – Shirlene Adams.
- People and Change – Alison North.
- Customer Focus and Process Redesign – Paul Harding.
- Technology Enablement – Sharon Kelly.
- Accommodation – Sue Tomlinson.
- Commercialism – Liam Canham.
- New Council – Emily McGuinness.
- Programme Management Office – Kim Batchelor.

Members were advised on the ways the project team monitored, controlled and reported the progress towards the Transformation ambitions:-

- Joint Partnership Advisory Group (JPAG, 16 Members which included both Leaders);
- Programme Board (included the Chief Executive and Programme Sponsors);
- Transformation Joint Unison Board;
- Making a Difference events (MAD events open to all Members from both Councils);
- One Future Network; and
- One Future Management.

The Corporate Transformation Programme Manager highlighted that SWAP had allocated 16 audit days towards the programme.

During the discussion of this item the following points were made:-

- Concern was raised that unless Members were on JPAG, they did not receive any feedback on the project.
All Members were invited to attend the MAD events which gave regular feedback and opportunities to be involved in the project.
- Members highlighted that their feedback was important to the project because it gave local insight.

(The meeting closed at 3.55pm)