

**AUDIT COMMITTEE**  
**MINUTES OF THE 3 DECEMBER 2018**  
**AT 2.00 PM**  
**COUNCIL CHAMBER - WEST SOMERSET HOUSE**

**Present:**

Councillor R Lillis	Chairman
Councillor R Woods	Councillor R Thomas
Councillor K Mills	Councillor N Thwaites
Councillor P Pilkington	

**Officers in Attendance:**

Peter Barber  
Alastair Woodland  
Nick Hammacott  
Richard Doyle  
Steve Plenty  
Sue Williamson  
Clare Rendell

**A37      Apologies**

No apologies were received.

**A38      Minutes of the previous meeting of the Audit Committee**

(Minutes of the Meeting of the Audit Committee held on 17 September 2018, circulated with the Agenda).

**RESOLVED** that the Minutes of the Audit Committee held on 17 September 2018 be confirmed as a correct record.

**A39      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 A Kingston-James	All	Minehead Town Council	Personal	Spoke and voted

**A40      Public Participation**

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

**A41 Audit Committee Action Plan**

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

There were two recorded actions from the previous meetings held on 19 June and 23 July 2018, both of which had been completed.

**RESOLVED** that the Audit Committee Action Plan be noted.

**A42 Audit Committee Forward Plan**

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

**RESOLVED** that the Audit Committee Forward Plan be noted.

**A43 Grant Thornton - External Audit - Progress Report and Update**

(Report No. WSC 84/18, circulated with the Agenda).

The purpose of the report was to provide the Committee with a progress update regarding the work of the external auditors, Grant Thornton, together with information in relation to emerging issues which might be relevant to the Council.

The Engagement Lead advised the Committee that he had completed his five years on the Council's audit so there would be a new Engagement Lead who would attend Audit Committee in the future and her name was Geraldine Daly.

The External Auditors had completed the audit of the Council's 2017-18 financial statements. The audit opinion which included the value for money conclusion and certificate of audit closure was issued on 31 July 2018. They issued:-

- An unqualified opinion on the Council's financial statements; and
- An unqualified value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness on its use of resources.

The External Auditors had begun their planning processes for the 2018-19 financial year audit. Their detailed work and audit visits would begin later in the year and would discuss timing of the visits with the appropriate managers. They would continue to:-

- Hold regular discussions with management to inform their risk assessment for the 2018-19 financial statements and value for money audits;
- Review minutes and papers from key meetings; and
- Review relevant sector updates to ensure that they captured any emerging issues and considered those as part of the audit plans.

The External Auditors were required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The results of the certification work were reported in their certification letter which would come to the March 2019 Audit Committee.

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

- Members queried whether the Council's direct labour (DLO) could be set up as a trading company.  
*The External Auditor advised that as a Local Authority, the labour could be set up as a trading company. Other Councils had operated similar schemes, but he advised to proceed with caution as they were not always successful.*
- Members requested clarification on why dates post April 2019 were included in the External Auditors deliverables.  
*The External Auditor advised there was still one more audit cycle to sign off the final statement of accounts for West Somerset Council (WSC) in July 2019.*
- Concern was raised that after April 2019, the WSC Audit Committee would be stood down and that the New Council's equivalent would sign off the statement of accounts.  
*That was a valid observation, however it had happened in other Councils and was similar to the process that occurred after a District Election. The new Councillors would need training and would be advised to read the minutes of previous meetings so they were better informed to be able to sign off the accounts.*
- Members thanked all the staff for their hard work in the audit process and wished the Engagement Lead all the best for the future.

**RESOLVED** that the Committee noted the report from the External Auditor.

#### **A44 SWAP - Internal Audit Plan 2018-19 Progress Report**

(Report No. WSC 85/18, circulated with the Agenda).

The purpose of the report was to update the Committee on the Internal Audit Plan 2018-19 progress and bring to their attention any significant findings identified through the work.

The Audit Manager highlighted to the Committee a couple of changes to the Audit Plan:-

- Due to the work already scheduled for Transformation, the review for the Strategic Framework had been dropped to supplement the time needed for the review on Redundancy Payments due to the significant value expected to be paid out; and
- Homelessness Reduction had also been dropped to free up time to assist with the Service Mapping Activity. The Service Mapping Activity aimed to ensure that the Council had the necessary knowledge/skills in place to deliver key services come 1 April 2019 due to the volume of staff who were due to leave.

Within the Transformation Update, Business Realisation Management and

Business Process Re-engineering were highlighted and further information was reported to the Committee.

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

- Members queried whether the work the Business Analysts had carried out had made a difference.  
*The audit had not been carried out on the quality of work, so the Audit Manager could not give assurance at this point.*
- Members queried now that there were twelve Business Analysts instead of six, had that impacted on the budget.  
*The budget had gone up because the business line had moved since the original business case was submitted. There was a structure in place to ensure that the budget was kept to and the amount of analysts could be deemed as value for money.*
- Members queried whether there was assurance that money could be taken from budgets that had reserves. Concern was raised as to whether the Council could afford the redundancy figure.  
*The audit work had not been carried out yet so assurance could not be given.*
- Members queried whether the Auditors were surprised to see an overspend on the redundancy package.  
*The Audit Manager advised that the original business case had been audited, however, the business case had now changed and due to the results of the recruitment process, there had been impacts on the redundancy figures.*
- Further concerns were raised on the redundancy process. Members agreed that they were valid concerns, but suggested that this was not the right arena for the debate.  
*Within the audit work, they would check whether the redundancy process had been followed, however, phase two recruitment had not been completed so the final figures were not known.*
- Members queried what impact the loss of the ICT Audit Specialists had on the audit work for WSC.  
*There had been a delay in the work carried out on the Transformation ICT work, but the key risks were being checked.*
- Concern was raised on the loss of the ICT Audit Specialists and that the risks needed to be identified because ICT was important to the Council's operations.
- Members queried whether the auditors had looked at the ICT framework because there were several issues that needed to be addressed.  
*The Audit Manager confirmed that they had no power over internal controls and they could not sort out internal ICT problems. They carried out risk assessments to ensure the processes worked as they should.*
- Concern was raised that ICT was a considerable risk and that the Internal Auditors were behind in their schedule of work.  
*Transformation was a massive project and the Internal Auditors could not check everything because there were not enough days allocated to carry out the audit work.*
- Members requested an update report on the audit work in relation to the redundancy payments before the March 2019 Audit Committee.

*The Audit Manager advised the work should be completed by the end of December and he would circulate an update to the Committee in January 2019.*

- Concern was raised on the interview process used within the Transformation Project and wanted to ensure that staff knowledge was retained and that the correct questions were asked.  
*The Audit Manager advised that they could check the process but could not sit in on the interviews.*

**RESOLVED** that the Committee noted the progress made in delivery of the 2018-19 internal audit plan and the significant findings.

#### **A45 Treasury Management Update - 30 September 2018**

(Report No. WSC 86/18, circulated with the Agenda).

The purpose of the report was to provide the Committee with an update on the Treasury Management activity of the Council for the first six months of 2018-19. It focused on a review of the Council's borrowing and investment activities.

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

- Members queried what the Council Tax and Non Domestic Rate debt level was and whether it had gone up or down.  
*A written response would be distributed to the Committee.*
- Concern was raised on the process to transfer WSC accounts over to the New Council.  
*There was an officer working group who checked through all the processes for the transfer of accounts over to the New Council and who would ensure all the necessary work was completed before April 2019.*

**RESOLVED** that the Committee noted the Treasury Management position as at 30 September 2018.

#### **A46 GDPR Action Plan Update**

(Report No. WSC 87/18, circulated with the Agenda).

The purpose of the report was to provide an update on the actions taken by the Council following the implementation of the new (EU) General Data Protections Regulations (GDPR) and the UK Data Protection Act 2018 which came into force on 25 May 2018.

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

- Members queried whether the e-learning package on GDPR was available for Councillors.  
*The e-learning package was rolled out for staff use only, however, there was a separate package available for Councillors to use.*
- Members requested clarification on the difference between a Freedom of Information (FOI) Request and a Subject Access Request (SAR).  
*Clarification was given and one of the main differences was the timescales used for FOI and SARs.*
- Members queried whether the amount of FOI and SARs received had

changed since the introduction of the GDPR.

*The amount of requests that were received remained at a similar level.*

- Members queried whether data retention schemes were set under GDPR.

*Certain retention schemes were set by the Council and others were set by Central Government. The Corporate Strategy and Performance Officer confirmed that if a member of the public requested that we deleted their data, not all data would be deleted because we would need certain information to be able to process their Council Tax and other services.*

- Members highlighted that some agencies recorded less so that the details were not held on their systems.  
*Customer calls were recorded along with service requests. GDPR was more about ensuring that personal details did not enter the public domain.*
- Members thanked the Corporate Strategy and Performance Officer for his work and for dealing with GDPR with the severity it required.

**RESOLVED** that the Committee noted the actions being taken in order to comply with GDPR.

The Meeting closed at 3.30 pm