

Minutes of the Audit Committee

**22nd March, 2016 at 6.00 pm
at the Sandwell Council House, Oldbury**

Present: Councillor Sidhu (Chair);
Mr Ager (Vice-Chair and Independent
Member) and Councillor D Hosell.

Apology: Councillor Dr Jaron.

13/16 **Minutes**

In confirming the minutes of the meeting held on 21st January, 2016 as a correct record KPMG representatives clarified that in relation to Minute No. 2/16 (Annual Audit Letter – 2014/15) that the arrangements the Council had in place provided good value for money.

Resolved that the minutes of the meeting held on 21st January, 2016, be confirmed as a correct record, subject to the clarification now provided in Minute No. 13/16.

14/16 **KPMG – External Audit Plan 2015/16**

The Committee received a report which set out the work that KPMG would deliver, in terms of auditing the authority's financial statements for the period 2015/16, and give an opinion on the arrangements in place to secure value for money.

The Committee requested that while the West Midlands Pensions Fund control fund investments, that a brief report on the fund's investment policy be presented to the next meeting of the Committee.

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Resolved that West Midlands Pensions Fund control fund investments, that a brief report on the fund's investment policy be presented to the next meeting of the Committee.

15/16

Strategic Risk Register and Assurance Map Update

The Committee gave consideration to the Council's strategic risk register and high level assurance map in order to gain assurance that significant risks to the delivery of the council's scorecard priorities were being managed.

Since the strategic risk register report was last presented to the Committee in January 2016, risk owners had reviewed the risks and the progress made with mitigating actions.

The following changes were noted:-

- a new risk (risk 22a) (the UK counter terrorism strategy) has been escalated to the strategic risk register . This was a replacement for the PREVENT risk which was previously noted in the neighbourhoods operational risk register;
- risk 39 in respect of the Council's engagement and consideration of the West Midlands Combined Authority and devolution deal had been separated as a result of the consent given by the Council on 8th March, 2016 to Sandwell becoming a constituent member of the West Midlands Combined Authority;
- risk were being considered to reflect the assurances that Sandwell would need to obtain to ensure the West Midlands Combined Authority had appropriate governance arrangements in place to demonstrate robust decision making, accountability, transparency and the effective management of risk. Consideration was also being given to ensuring that Sandwell put in place appropriate arrangements locally, to maximise the opportunities and benefits it could derive from the expected economic growth arising from the West Midlands Combined Authority;
- in respect of the devolution deal, the current risk continued to relate to the clarification and ratification of the devolution deal;
- a new risk (risk 43) in respect of the implementation of the National Living Wage had been included.

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On the meeting of 21 January, 2016, the Committee requested further details be presented in relation to risk 21a in respect of the council's compliance with Data Protection Act and the Freedom of Information Act

The Governance Services Manager attended the meeting and reported that the introduction of new European wide legislation which could come into force in Spring 2018, would not require UK legislation, however, upon a set date, they would be legally enforceable in the UK and would subsequently supersede the Data Protection Act 1998. The majority of the Data Protection Act 1998 was contained within the new legislation but there were major additions that would require the council to begin planning for putting in place appropriate procedures and policies to avoid any major issues once the legislation became enforceable. Changes to the European legislation included:-

- new fines up to a maximum of 20 million euros (approximately £16m);
- mandatory reporting of breaches;
- ensuring the council obtains explicit consent (as opposed to implied consent) when obtaining information (re-design of all council forms);
- right to be forgotten;
- establishment of a statutory Data Protection Officer;
- data security – encryption and pseudonymisation of data;
- data Sharing – pre approval from regulatory body.

The Committee requested training in relation to the new Data Protection Regulation.

Resolved:-

- (1) that the Strategic Risk Register Update be received;.
- (2) that the Governance Services Manager provide training in relation to the new Data Protection Regulation.

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16/16 Internal Audit Progress Report as at January, 2016

The Committee considered a report on progress made against the delivery of the 2015/16 Internal Audit Plan and gave details of the performance of the internal audit service for the period ending January 2016.

The Committee discussed school balances and the government plans convert every maintained school into academies.

Resolved:-

- (1) that the Committee obtain assurances from the Cabinet Member for Children Services regarding the implications for the council in relation to the changes in the national funding formula.
- (2) that Internal Audit Progress Report as at January 2016 be approved.

17/16 Internal Audit Plan 2016/17

The Committee received the internal audit plan for the period 2016/17. It was reported that the plan was based on management's risk priorities, as set out in the Council's risk analysis/assessment and had been designed to cover the key risks identified by this risk analysis. This would be used to produce an annual audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

Resolved that the Internal Audit Plan 2016/17 be approved.

(Meeting ended at 7.11 pm)

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