

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in Committee Room 1B, County Hall, Durham on
Tuesday 13 March 2018 at 11.00 am

Present:

Councillor E Bell (Chairman)

Members of the Committee:

Councillors J Shuttleworth and O Temple

Co-opted Members:

Mr C Robsinson

1 Apologies for absence

Apologies for absence were received from Councillors C Carr, J Carr, M Davinson, J Rowlandson, J Robinson and S Robinson

2 Declarations of interest

Declarations of interest were provided by Members of the Committee. A general declaration of interest would be recorded given that Members were school governors, members of various Committees of the Council, former District Councillors and bodies such as the Fire Authority.

3 General Data Protection Regulations

The Committee received a presentation from the Principal Information Management Officer, Transformations and Partnerships General Data Protection Regulations (for copy see file of Minutes).

The presentation highlighted the following points:-

- What if the new Data Protection Act?
- Why is it needed?
- What does law deliver?
- GDPR Overview
- Things to consider
- New categories of personal data
- New Data Protection principles
- Things we will need to consider
- What are we doing about it

Councillor Temple asked if the Council used data harvesting for marketing purposes. The Principal Information Management Officer explained that the

Council did not trawl through the internet but that we did manage our subscriptions from the public. Councillor Temple further asked if we purchased data for the purposes of markeing and was advise that this was carried out. The Council did use reputable data brokers who would receive consent in the first instance. If someone asked us to stop sending them marketing materials we would do so. Councillor Temple asked what responsibility the Council had when buying information in good fatih, and asked that if the Council received evicence to the contrary we would take action. He was advised that it was the same when purchasiong anything from a reputable company. The Council would stop using data if it had been obtained incorrectly.

Mr Robinson asked if there were boundaries with other agencies and that the Council were clear about how to scope evidence. The Principal Information Management Officer explained that the Council will act as a data controller and would interact with the data processors. The boundaries would be set by the data controller. He added that schools and parish & twon councils would be their own data controllers. Members were informed that the procurement team were updating all of the current contracts to meet the requirements of the new legislation. When information would be shared such as between the Childrens and Adults Services with the Police, mental health trusts, social workers etc it was important that everyone was on the same page.

Mr Robinson asked if the biggest challenge was to implement this by the end of May and was advised that the Council were already dealing with data but that this would be a focus on changing the cultre and outlook on how we dealt with privacy. The Council were changing the practice in the way they worked as part of an overall Inspire programme which would see different ways of working.

The External Auditor asked how councillors would be categorised. The Principal Information Management Officer explained that they would have three separate areas – one as a member of a committee which would be covered as part of the overall data control, secondly as a member of a polictcal party which would be covered by the polictcal party, and the third part would be as a ward councillors where they would be their own individual data controller. For the latter they would need to register with the ICO.

Members were advised that there would be training sessions held to riase awareness.

The Chairman asked that a further update be given at a later date as the implementation of the legislation developed.

Resolved:

- (i) That the presentation be noted.
- (ii) That a further update be brought back to Committee.

The Minutes of the meeting held on 30 November 2017 were agreed as a correct record and were signed by the Chairman.

5 Agreement of Accounting Policies for Application in the 2017-18 Financial Statements

The Committee considered an update from the Corporate Director of Resources on the County Council's accounting policies to be applied in the preparation of the 2017/18 Statement of Accounts and to seek confirmation that appropriate policies are being applied (for copy see file of Minutes).

Resolved:

That the recommendations contained within the report be agreed.

6 Final Accounts Timetable for the Year Ended 31 March 2018

The Committee considered a report of the Corporate Director of Resources that provided Members with the Final Accounts Timetable for 2017/18 detailing the deadlines for key actions to complete the Statement of Accounts in line with statutory deadlines (for copy see file of Minutes).

The Principal Accountant, Resources advised that following the dry run of the early close down for the accounts last year discussions were taking place with the Audit and Assets teams on lessons learnt.

Resolved:

That the report be noted.

7 Changes to the Code of Practice for Local Authority Accounting in the UK 2017-18

The Committee considered a report of the Corporate Director of Resources that provided a summary of the key accounting changes in the latest edition of the Code of Practice for Local Authority Accounting in the UK (the Code), applied to the 2017/18 accounts (for copy see file of Minutes).

Resolved:

That the report be noted.

8 External Audit - Durham County Council Audit Strategy Memorandum Year Ended 31 March 2017

The Committee received a report from the External Auditor explaining the scope of the audit, the risks identified and the procedures that will be performed to deliver the audit for Durham County Council (for copy see file of Minutes).

Mr M Kirkham, Mazars, advised that the significant risks included depreciation of property, plant and equipment as a key area of management judgement.

The Chairman asked if the evaluation or depreciation was flawed in some way or if it was not as robust and he was assured that this addition did not reflect the

Council's past performance but that the regulator had added the component to the plan.

Referring to the significant risk of MTFP, Mr Robinson asked if there was something that could be done to alleviate the concerns for the external auditor. Mr Kirkham said that audit work identified whether arrangements exist and he assured members that no gaps had been identified. The Chief Internal Auditor and Corporate Fraud Manager added that Internal Audit cover this in their plan.

Resolved:

That the report be noted.

9 External Audit - Durham Pension Fund Audit Strategy Memorandum Year Ended 31 March 2017

The Committee received a report from the External Auditor explaining the scope of the audit, the risks identified and the procedures that will be performed to deliver the audit for Durham County Council Pension Fund (for copy see file of Minutes).

Mr Kirkham, Mazars informed the Committee that the threshold for the whole of the pension fund accounts had been revised and was based on as net assets of the fund. This was applied as a percentage point to identify the threshold for the misstatements and 1% had been agreed.

Resolved:

That the report be noted.

10 External Audit Progress Report - February 2018

The Committee received a report from the External Auditor that gave an update on progress on the External Audit report for Durham County Council (for copy see file of Minutes).

Resolved:

That the report be noted.

11 Corporate Governance Review 2017/2018 - Key Dates

The Committee received a report of the Corporate Director, Resources that informed of the key dates for the corporate governance review for the 2017/18 financial year (for copy see file of Minutes).

Resolved:

That the report be noted.

12 Revised Risk Management Policy and Strategy

The Committee considered a report of the Corporate Director of Resources that sought approval of the revised Risk Management Policy & Strategy (for copy see file of Minutes).

Resolved:

That the revised Risk Management Policy and Strategy be approved.

13 Strategic Risk Management Progress Report for the Quarter Ended 31 December 2017

The Committee considered a report of the Corporate Director, Resources which highlighted the strategic risks facing the Council and that gave an insight into the work carried out by the Corporate Risk Management Group during (for copy see file of Minutes).

The Risk, Insurance and Governance Manager informed the Committee that there were now 23 strategic risks.

Mr Robinson asked if the Council were able to provide assurances during the recent poor weather and was advised that this was managed well. The Chief Internal Auditor and Corporate Fraud Manager confirmed that a report was being prepared as a result of the adverse weather.

The Chairman was assured following a question about data protection that this included as a risk and a major project was in place to ensure that data continued to be protected with the appropriate measures in place. The Chief Internal Auditor and Corporate Fraud Manager added that this was also included in the internal plan for next year and that he would give assurances that measures were in place.

Councillor Temple commented that with regards to this issue the potential fines would be increased and therefore the severity of how we measured the risk would be enhanced. He said that the Council should not be complacent. The Risk, Insurance and Governance Manager assured the Committee that the issue was still around the breach of data and that processes were in place.

Resolved:

That the report provides assurance that strategic risks were being effectively managed within the risk management framework across the Council.

14 Emergent Internal Audit Plan 2018/2019

The Committee considered a Report of Chief Internal Auditor and Corporate Fraud Manager that provided details of the emergent Internal Audit Plan for 2018/2019 and gave an update on the development of the 2018/2019 Internal Audit Plan (for copy see file of Minutes).

The Chief Internal Auditor and Corporate Fraud Manager asked that any comments on the plan be sent to him before it was reported back to Committee for formal approval in May 2018.

Resolved:

That comments on the proposed direction and process for the development of the emergent Internal Audit Plan be noted and that the plan would be reported to the meeting on 31 May 2018 for formal approval.

15 Internal Audit Progress Report for the quarter ended 31 December 2017

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which informed Members of the work that had been carried out by Internal Audit during the period 1 2017 to 30 2017 as part of the 2017/2018 Internal Audit Plan (for copy see file of Minutes).

The Audit and Fraud Manager highlighted progress against the Plan for each Service Grouping, and informed Members of the amendments to the plan and the unplanned audit reviews in the quarter. The report also provided a summary of progress on actions due, implemented and overdue, and finalised audits that had been issued with a limited assurance opinion.

Councillor Temple commented that he was disappointed that out of four surveys sent to a service group, only two were returned.

Resolved:

- (i) That the amendments made to the 2017/2018 Annual Internal Audit Plan be noted;
- (ii) That the work undertaken by Internal Audit during the period ending 31 December 2017 be noted;
- (iii) That the performance of the Internal Audit Service during the period be noted;
- (iv) That the progress made by service managers in responding to the work of Internal Audit be noted;

16 Exclusion of the public

Resolved:

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Act.

17 Internal Audit Progress Report for the quarter ended 31 December 2017

The Committee considered the report of the Chief Internal Auditor and Corporate Fraud Manager which presented the appendices in the Internal Audit Progress Report referred to in Part A of the Agenda (for copy see file of Minutes).

Members were advised that there were eight audits finalised in the quarter that had been issued with a limited assurance opinion.

The Committee received updates and assurances on outstanding actions from the Head of Early Help, Asses & Safeguarding, Children & Young Peoples Services.

Resolved:

That the content of Appendices 6 and 7 be noted, and the proposed actions in respect of the overdue areas as outlined, be agreed.