

**Minutes of the Audit Committee  
22 January 2015**

**Present:**

Councillor M.J. Madams (Chairman)  
Councillor A.C. Harman (Vice-Chairman)

Councillors:

J.A. Dale

A.C. Patterson

D. Gohil

**Apologies:** Councillor D. Patel

**In attendance:** Michael Graham, Head of Corporate Governance

**14/15 Minutes**

The minutes of the meeting held on 18 September 2014 were approved as a correct record.

**15/15 Corporate Risk Management – Information Governance**

The Head of Corporate Governance presented an update to the Committee on the steps taken to mitigate the risks associated with the Council's Information Governance procedures.

The Head of Corporate Governance reported that in recent years the powers of the Information Commissioner's Office (ICO) had been increased and it now had the ability to make significant financial penalties against Local Authorities for breaching rules on the handling of personal data. He outlined that the indirect organisational and reputational costs for the Council involved in a breach would be significant as well as the direct costs resulting from any financial penalty which may be imposed, which is up to £500,000.

The Committee noted that the Council did not have dedicated staff resources in the area of Information Governance. It noted that in two borough councils, Surrey Heath and Guildford had a dedicated full-time role for information governance, which looked at the overall information systems and considered all aspects of data protection.

The Head of Corporate Governance outlined the actions that were being progressed. He explained that in response to this risk, the Information Governance Group (IGG) was created, which comprised Heads of Services and other relevant officers. He responded to questions relating to the content of the report including the information assets database and the council's data retention policies and the work undertaken to address those issues.

Although there was an absence of dedicated staff resources, the Head of Corporate Governance assured the Committee that progress had been made, if on a somewhat limited scale. He reported that the group had developed an action plan by way of issues log to ensure information governance risks were identified and managed and the actions were progressing towards the required standard. He explained that although he would prefer to have

dedicated resources sufficient steps had been taken in the right direction towards the required ICO standard.

**Resolved** to note the contents of the Information Governance report and the update from the Head of Corporate Governance.

**16/15 Corporate Risk Management – Performance Management**

The Committee received an update from the Assistant Chief Executive on the progress of the Council's performance management arrangements. The update circulated at the meeting outlined that, in light of the large number of performance indicators, listed in the Service Plans of individual Council services, a review had been undertaken to determine whether certain indicators were required and how they should be monitored and reported.

The Assistant Chief Executive explained that of the 134 indicators originally listed by services it was proposed to delete 23 indicators and the remainder to be divided into three categories, which include, Key Indicators, Internal Indicators and Milestones.

The Committee noted that a further update would be provided to the Audit Committee once these were finalised and formally agreed by the Performance Management Working Group.

**Resolved:**

- (1) To note the contents of the Review of Performance Indicators.
- (2) That the Assistant Chief Executive attend a future Audit Committee to provide and update on the work of the Performance Management Working Group.

**17/15 Corporate Risk Management**

The Internal Audit Manager reported that the Corporate Risk Register had undergone its regular quarterly review and update by the Corporate Risk Management Group to ensure that actions were being taken to deal with the identified risks. The revised Register was considered to be an accurate reflection of the high level risks affecting the Authority as well as the progress made on actions previously proposed.

The Internal Audit Manager highlighted progress in a number of areas which were documented on the register. She updated the Committee on the risk associated with a potential change in political direction, as the forthcoming elections could lead to political change and uncertainty. She explained that the impact of any change would need to be evaluated in terms of Council priorities /service delivery/ ongoing projects.

She also highlighted delays in coordinating aspects of Business Continuity Planning, resulting in plans not all being up to date or fully tested. She noted the risk presented by information governance and noted that more work needed to be achieved to mitigate the risks associated with data loss and data security. She further updated the Committee on the risks presented by the

delivery of the Towards a Sustainable Future project including the impact of delays in the programme, challenges to new sources of income, loss of key members of staff and capacity to deliver, which would require ongoing monitoring. The risks associated with poor governance arrangements were also raised and the ongoing importance of transparency and accountability in a changing local government environment were highlighted.

**Resolved**

- (1) To note the contents of the Corporate Risk Register.
- (2) To note the contents of the Corporate Risk Register and recommend it to Cabinet for approval.

**18/15 Annual Audit Letter**

The Committee considered the external auditors' annual audit letter which summarised the key findings from KPMG's 2013/14 audit of the Council. This included the audit of the Council's 2013/14 financial statements and the 2013/14 Value for Money (VFM) conclusion, on both of which KPMG issued an unqualified opinion.

The Committee noted that as a result of the audit adjustments identified KPMG identified one medium priority recommendation regarding the need for a more detailed review of capital expenditure on existing assets to confirm whether the Council is enhancing them. The Committee noted that this recommendation had been agreed by the Council's Management Team.

**Resolved** that the external audit annual audit letter for 2013/14 be noted.

**19/15 Interim Internal Audit Report**

The Head of Audit Services presented her report which summarised the work undertaken by Audit Services during the period April 2014 to November 2014 and provided the Council with assurance on the adequacy of its internal audit systems of control.

She reported on the successful DCLG fraud funding bid which Spelthorne, six other boroughs and the County had submitted. The aim of this fund is to strengthen and develop capacity across Surrey to help tackle non benefit fraud.

**Resolved** that the audit services interim report for the period April 2014 to November 2014 be noted and approved.

**20/15 Committee Work Programme 2014-15**

The Committee considered its Work Programme for the remainder of the 2014/2015 Municipal year.

The Head of Audit Services requested that Members submit to her any areas where they would like to see coverage in the Audit Plan due to be presented at the next meeting.

**Resolved** that the Committee Work Programme for the remainder of the 2014/2015 Municipal year, be approved.