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AUDIT AND RISK MANAGEMENT COMMITTEE - 6.3.2019

## MINUTES OF THE MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE HELD ON WEDNESDAY, 6 MARCH 2019

### COUNCILLORS

**PRESENT** Mahym Bedekova, Birsen Demirel, Sabri Ozaydin, George Savva MBE, Hass Yusuf, Lee David-Sanders and Peter Nwosu

**ABSENT** Tim Leaver

### CO-OPTED

**OFFICERS:** Fay Hammond (Interim Executive Director Resources), Sarah Cary (Executive Director Place), Peter George (Programme Director - Meridian Water), Gemma Young (Head of Internal Audit and Risk Management) and Nicky Fiedler (Acting Director Commercial) and Metin Halil (Secretary)

**Also Attending:** Lucy Trevett (BDO) and Grace Quist-Therson (BDO)

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### WELCOME AND APOLOGIES FOR ABSENCE

Councillor Mahym Bedekova (Chair) welcomed everyone to the meeting.

Apologies for absence was received from David Eagles (BDO)

Apologies for absence was received from Councillor Leaver.

Apologies for lateness was received from Peter Nwosu (Independent Member)

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### DECLARATION OF INTEREST

NOTED

The following declaration of interests:

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1. Councillor Yusuf declared a non-pecuniary interest in relation to Item 7 on the agenda – Local Authorities Trading Companies update, as he is a Director (Chair) of the Independence & Well Being Company.
2. Councillor Ozaydin declared a non-pecuniary interest in relation to Item 7 on the agenda – Local Authorities Trading Companies update, as he is a Director (Chair) of Enfield Innovations
3. Peter Nwosu (Independent Member) declared a non-pecuniary interest in relation to Item 7 on the agenda – Local Authorities Trading Companies update, as he is a Director of Housing Gateway Ltd and Enfield Innovations.

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### **SERVICE DELIVERY RISK REGISTERS UPDATE - PLACE & PEOPLE - 19:25 - 19:40**

RECEIVED a report from the Director of Law and Governance, presenting the risk registers for the Service Delivery operating areas (People and Place Departments).

NOTED

1. The report was presented by Gemma Young (Head of Internal Audit & Risk Management).
2. A representative from each department had been nominated to attend the meeting to answer questions relating to their register. These were Tony Theodoulou (Executive Director People) and Sarah Cary (Executive Director Place).
3. Tony Theodoulou stated there are risks in the report where the People department have taken steps to ensure that they mitigate against the worst possible scenario.  
When working with vulnerable children or vulnerable adults, you cannot eliminate risk completely which is why some of the department's assessments are in the Amber matrix range.
4. After consulting the committee on which People risks, they wanted Tony Theodoulou to focus on, Councillor Yusuf requested PEO/1819-01 Failure to protect Children and PLA/1819 – 01 Failure to recruit & retain staff. These are detailed at 3.5 (Table on page 22) of the report:
  - PEO/1819-01 – This risk would always be inherent to the work of People department. Even with additional resources, you cannot completely control what happens in peoples' homes or communities. There was no reason why this risk should be reduced from last year as it would always be there.  
Schools have always played a big part in recognising vulnerable people. The other major source of information relating to referrals to Children's Services is from the Police.
  - PLA/1819-01 – This risk was Place department and was clarified by Sarah Cary. This risk was not specific to Enfield. This was in the council's planning & housing developments and property

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areas where qualified professional staff are needed. There is generally a shortage of these professionals within local government and across the UK. Because of that there are competitive salaries and it is difficult to recruit and retain staff. The department had taken steps to improve the risk with Human Resources department and is not getting any worse at present.

In terms of Planning, the department must have professional chartered planners in post. There is a statutory duty to have certain levels of staff and this is not about the council setting its sights too high. The pool in local government is low.

5. The committee referred to 3.7 (page 23) of the report, regarding the 3 risks that have been removed from the register. Was this because they are green (matrix) and if so, what was the impact, in terms of moving them out of the risk register. Tony Theodoulou clarified:

- PEO/1819-02 – This was highlighted as a risk since 2015, following an OFSTED inspection at that time. Since that time the service and processes had improved. The department's responses to missing children is legally compliant. They have a system in place for cross-checking databases so that the department can understand far more strategically where children are going missing from and going to.

The department have a process for return home interviews and this risk was not particularly significant anymore.

- PEO/1819-06 – This risk was not particularly specific for People department and should be listed in the Corporate Risk register.
- PEO/1819-09 – This risk was covered elsewhere – Failure to protect vulnerable residents' risk (PEO/1819-01).

6. The committee asked for clarity regarding the following risks as detailed at the table on page 22 of the report:

- PLA/1819-05 – Customer Experience - Low
- PLA/1819-06 – Contract Management Failure – Medium

Councillor Ozaydin referred to Housing repairs, problems with contractors and unhappy tenants and wanted to understand why the risk ratings were low for customer experience and medium for contract management failure. Sarah Cary clarified that the reason why the customer experience risk has dropped is because the department not only look at housing repairs but the entire spectrum of ways they can interact with residents.

The department have a comprehensive programme across a couple of areas, housing repairs is one and planning is another, to try and change the way services are delivered and to try and improve the customer satisfaction. There had been significant improvement with housing repairs over the past 3 months. Contract management continued to be a risk as there are quite a few substantial high value contracts in place and are complicated.

7. The following questions and queries raised in response to the report:
- a. The committee asked if the council still had a policy on training and retention of staff. Tony Theodoulou clarified that the council still had the post entry training scheme. This entailed funding a member of staff to participate on an expensive course which

further their professional development. In return, the staff member stays at the council for at least 2 years after course completion. This was still a council wide policy. Sarah Cary further clarified that the council run several different programmes around training and development. Including a successful return to work programme aimed, not entirely, at women returning to work after pregnancy as experienced members of staff. This is an area the council needs to improve on regarding its learning and development training offer.

At present, every department has been asked to put forward their training needs for 2019/20 and are in the process of costing this.

- b. Councillor David-Sanders asked for clarity regarding the following risks:
- PLA/1819-09 – Comprehensive Masterplan Delivery and if this risk was likely to go green in the future or stay in the amber area.
  - PLA/1819-11 – Compliance with statutory obligations around corporate landlord and other functions – This risk had gone green and did that mean that mitigation was right here, or should it still be in amber.

Sarah Cary clarified that with the Master Plan comprehensive delivery, Meridian Water development and large developments of this scale are inherently very risky, and the risk would not be going green for a while.

Regarding the corporate landlord risk & function, the department had made good progress with this over the past 6-9 months, which is partially why this risk had changed. At a recent Directors meeting, discussion was around the success that was had in documenting and having records of what they thought was going on. Directors were concerned that while they knew that health & safety checks and legionella checks were being done, there was no paper work to prove that. The department had also done 3 areas of pilots across the council to double check that they are doing all the right safety checks as corporate landlord.

There was also a discussion, at the recent Executive Directors meeting, around schools, a low risk on the register, and we are comfortable that the risk is shared appropriately. Directors were comfortable with the level of scrutiny that was going on.

- c. The Chair enquired about the Brexit risk and that in the medium term, how will council staff be affected and have any assessments been done by each department on how many employees will be affected. Fay Hammond (Interim Executive Director Resources) clarified that Julie Mimnagh (Head of Human Resources Operations) was doing some work on what the impact would be on the workforce of the council. The council's role would be in making sure that staff are signposted and aware, in terms of applying for British Citizenship and how to make that application. The council could not identify which

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staff are specifically directly affected by Brexit because its HR systems does not hold data like that e.g. EU resident, etc.

Tony Theodoulou further clarified that there is Council Brexit Board (meeting every 2 weeks) chaired by Cllr Daniel Anderson and Sarah Cary, Tony Theodoulou, Fay Hammond and Gemma Young are all part of that board. The board are in close liaison with the government and the message coming from those and advice. The council is doing what it can to prepare for the exit from the EU. Those council employees affected will have to apply for British Citizenship and have 2 years to do this. The charge for this has now been scrapped.

8. The Chair thanked Gemma Young for her report.

**AGREED** to note the risks recorded in the Service Delivery Risk Registers and to note that the Corporate Risk Register will replace the Service Enabling and Service Delivery Risk Registers at future meetings.

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### **BDO - GRANTS AND RETURNS CERTIFICATION REPORT 2017/18 - 19:05 - 19:15**

RECEIVED from BDO (external auditors) the Grants and Returns Certification Report 2017/18.

NOTED

1. The report was presented by Lucy Trevett, who was the new Audit Manager.
2. The report covered 3 grant claims that BDO had looked at in 2017/18, which were all signed off by the required deadline.
3. As detailed on page 5 of the report, the detailed findings highlight the Housing Benefit subsidy work. Due to several errors the Council made in administering benefit and calculating subsidy entitlement, BDO identified one area of 40+ testing, one area of additional testing and four amendments to the claim form.  
As detailed at page 6 of the report, the four specific areas that BDO looked at. All the errors were of low value, reported and no impact on the value of subsidy claimed by the Council.
4. As detailed at page 7 of the report, the two areas of further testing:
  - Pooling of Housing Capital Receipts.
  - Teachers' Pensions.
5. As detailed at page 9 of the report, shows the status of 2016/17 recommendations.

6. The following questions and queries raised in response to the report:
- a. The Chair asked for clarity regarding the Housing Benefit subsidy and the outcome from the Department of Works & Pensions (DWP). In addition, the errors found in the testing, was there an update from the DWP. Lucy Trevett (BDO) clarified that she was not aware of receiving any update yet from DWP. What normally happens was that the deadline for all councils is November. DWP take a few months to process the information. They look at what BDO have reported as errors in the extrapolations and based on that, do they think BDO need to do more testing to try and identify what the error is. When the work is done next year, DWP will then report that.  
Fay Hammond further clarified that, when you look at the Housing Benefit claim of £300m plus, the errors found equate to a small amount. Mistakes and delays in housing benefit payments had cost Haringey Council more than £1.45m for 2017/18, in comparison.
  - b. Peter Nwosu (Independent Member) highlighted the reference to 'cells' within the report, was this referencing a spreadsheet. Lucy Trevett clarified that within the housing benefit document, the cells refer to a kind of benefit as there were different kinds of benefits.
  - c. Peter Nwosu (independent Member) requested further clarification regarding the grossing up error of £1.164m (as detailed at the top of page 6 of the report). This was a large error and was there not some kind of interim review to check that officers are following the actions BDO had highlighted last year. Lucy Trevett (BDO) clarified that this was a systematic error and not a process error. Fay Hammond also clarified that as an action to correct this issue, she would need to speak to Civica to change the way the system works, and the way information is extracted.  
**ACTION: Fay Hammond (Interim Executive Director Resources).**
  - d. Lucy Trevett (BDO) explained to the committee how small amounts of errors are identified and how further testing is done as regards the claims.

**AGREED** to note the Grants and Returns Certification Report 2017/18.

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**BDO - PROGRESS REPORT 2018/19 - 19:15 - 19:25**

RECEIVED from BDO (external auditors) the 2018/19 External Audit Progress report to 25 February 2019.

NOTED

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1. The report was presented by Grace Quist-Therson (BDO).
2. As detailed at page 14 of the report, the report provides the committee with an outline of BDO's progress against its proposed work for 2018/19:  
Progress to date – BDO have assessed whether the arrangements put in place by the Council allows the auditors to complete their work by the expected deadlines and if there are any issues that are likely to have a significant impact on our ability to provide unmodified audit reports and opinions. This is monitored using a 'RAG' assessment in the report.
3. As detailed on page 15 of the report, key completion and reporting dates are noted within the table.  
As detailed on page 16 of the report, where work has been completed and previously reported to the committee, BDO have 'greyed' out the text.
4. As detailed at page 17 of the report, additional audit areas to test include the Whole of Government Accounts and the Use of Resources.
5. As detailed on page 18 of the report, there is a progress summary which was reported.
6. The following questions and queries raised in response to the progress report:
  - a. Councillor Yusuf enquired whether this year's statement of accounts would be signed off on time. Grace Quist-Therson clarified that she was hopeful and that her team were working closely with the Council's finance team and are having regular update meetings.
  - b. Fay Hammond reported that the Senior Officer risk (Roy Baker) has now been mitigated as finance have recruited a new person to handover Roy's position. The new person has been in post for a month now.

**AGREED** to note BDO's 2018/19 Progress report to 25 February 2019.

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**IGB ANNUAL PERFORMANCE YEAR END UPDATE 2018/19 & GDPR IMPLEMENTATION - 19:40 - 19:50**

This item has been deferred to a future Audit & Risk Management Meeting.

**998**

**LOCAL AUTHORITIES TRADING COMPANIES UPDATE - 19:50 - 20:05**

RECEIVED a presentation from Nicky Fiedler (Acting Director Commercial) regarding an update on the London Borough of Enfield's Trading Companies.

NOTED

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1. This was a follow-up of a report given by James Rolfe (previous Executive Director Resources), a couple of years ago, on the Council's Companies.
2. The presentation was given under the following headings as detailed at pages 33-43 of the agenda:
  - Why do Councils have trading companies.
  - Overview
  - Enfield's Companies/Benefits of the Companies
  - Energetik
  - Enfield Innovations Ltd
  - Independence and Wellbeing Ltd
  - Housing Gateway Ltd
  - Governance & Risk update
    - Reviewed companies' governance in 2017
    - Established Shareholder Board 2018
    - Reviewed Reserved Matters
    - Clarified Roles
  - 2019/20
3. The following questions and queries raised in response to the presentation:
  - a. The committee asked for clarity regarding the Council's energy company, Energetik, and if the purpose of the company was to provide energy to residents. Nicky Fiedler clarified that it was predominantly to provide energy to the Council's developing estate renewal schemes and then to the Meridian Water (MW) project's 10,000 homes. This was a unique opportunity as there would be an Energy Recovery Facility right next door to the MW development.

Energetik was established in 2015 and had been trading in the last year. The Council took an investment decision in early 2017 and Energetik had its first customers a year ago.
  - b. All the Council's trading companies are limited.
  - c. Councillor Savva's enquiry regarding Energetik and if the company was on target to be completed with the provision of energy to residents. He raised concern that the incinerator would not be ready until 2028, the pipes were not in the ground and would Brexit hinder the project with prices going up.

Nicky Fiedler clarified that Energetik was on track and that there is a Cabinet report being heard, in March 2019, around the next stage of investment. The report is leading the Council to the direction of the investment but is not asking for the investment decision. The Council would need to take an investment decision on Energetik by September 2019 and the company would need to update the business plan, go through the business model and external validation.

The company is operational, at present, and has been expanding. The Energetik program was still on course to connect/supply the Council's 4 estate renewal schemes.



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- d. Councillor Savva referred to the mention of the Shareholder Board and if the Council made a profit from the trading companies. Nicky Fiedler clarified that there are multiple ways the Council and residents benefit from the trading companies. The companies do make a profit and could also reduce the cost of Council services and improve service quality. The Independent & Wellbeing company doesn't make a large profit, but it seems to reduce the cost of the service to the Council.
- In terms of Housing Gateway Ltd, the Council has increased asset values, avoids the cost of nightly paid temporary accommodation costs and makes a profit. Enfield Innovations Ltd are breaking even as a company. Energetik is a longer-term business plan and still delivers a percentage premium to the Council. How the Council finances Energetic going forward, there may be more significant percentage premiums.
- e. Councillor David-Sanders asked how close the Council were with company's business plans. Were they all live, being reviewed, and where was the Council from a risk point of view. When were the reserved matters likely to be implemented and how would the Council be supporting the companies leadership skills and culture. Nicky Fiedler clarified:
- Business Plans – Given that the Shareholder Board has only recently been established, the companies' intention had always been that they would submit an annual business plan to the Council. But due to no mechanism in place for them to do that, they had not been submitted. Even though it was anticipated that they would. At the last Shareholder Board meeting, Companies have been asked to provide an updated business plan. Officers' have been working with the companies to help produce a robust business plan since the last Shareholder Board meeting, by attending scoping meetings with the companies. From these proper, robust business plans, the Council would then be able to track quarterly reporting and will be directly linked to what companies put into their business plans.
  - Reserved Matters – Some of this is procedural. The Council could just write to the companies and send the reserved matters for their boards to implement. However, the Council wants to work with the companies to ensure they understand how reserved matters are used and implemented.
  - Leadership skills – How the companies and officers can work more effectively i.e. how decisions are taken, to deliver the outcomes the Council is looking for.
- f. Peter Nwosu (Independent Member) referred to the Council's partially owned companies, who they were and what the Council percentage ownership was for each company. Nicky Fiedler clarified that the companies were:
- Red Lion Homes

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- Enfield Norse
- Montagu LLP

Nicky Fiedler would update the committee with further accurate details of partial percentage ownership of these companies by the Council.

### **ACTION: Nicky Fiedler (Acting Director Commercial)**

- g. Peter Nwosu (Independent Member) referenced the Shareholder Board and how officers are re-assured and comfortable that they are not acting as shadow directors when dealing with the companies. Nicky Fiedler clarified that the Shareholder Board's terms of reference makes it clear about giving companies strategic direction (linked to the Council's strategic direction) but not operational direction. The Council were very mindful about officers' shadow directing the companies.
4. Fay Hammond questioned members about why those members who sit as Directors on the Council's companies' boards, did not mention this as a declaration of interest and that they should declare this at each meeting where the agenda item is regarding the Council's companies. At this point the following members made declarations of interest:
  - Peter Nwosu sits as an independent director on two of the Council's companies. These are Housing Gateway Ltd & Enfield Innovations Ltd.
  - Sabri Ozaydin sits as a Director (Chair) for Enfield Innovations Ltd
  - Councillor Yusuf sits a Director (Chair) for Independent Wellbeing Ltd.

**AGREED** to note the Local Authorities Trading Companies Update.

**999**

### **CONTRACT PROCEDURE RULES - 20:05 - 20:20**

This item has been withdrawn due to no changes to the Contract Procedure Rules.

NOTED

1. The report had been made but there had been no changes to the Contract Procedure Rules. It was decided not to declare the report. There will be a review of the Constitution and the Contract Procedure Rules will change and the report can then be heard at a future Committee meeting.

**1000**

### **INTERNAL AUDIT PLAN 2019/20 AND INTERNAL AUDIT CHARTER - 20:20 - 20:35**

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RECEIVED the report of the Director of Law and Governance setting out the Draft 2019/20 Internal Audit Plan and Internal Audit Charter.

### NOTED

1. Gemma Young presented the draft Internal Audit Plan, which remains under discussion with Executive Directors and Directors.
2. The Internal Audit Charter sets up the purpose, probability and possibility of internal audit and is presented to the Committee yearly for approval as part of the Public Sector Internal Audit Standards (PSIAS).
3. The draft plan had been developed in discussion with senior managers of the Council and with other audit teams in London, who are facing the issues. So, the department gets together with these audit teams and look at the big issues they are facing.  
The team also use their cumulative auditor knowledge and experience of issues they have noticed in other audits around the organisation. The team also consider risk registers in how the audit plan is developed.
4. In terms of detail regarding the 2019/20 draft plan (as detailed from page 51 of the report), there are 7 cross cutting audits, across the organisation, detailed at page 51 of the report. The audits are then broken down into the various Council departments: Chief Executives, Resources, People, Place, Trading Companies and Schools.
5. The following questions and queries raised in response to the report:
  - a. The committee asked what had changed in the Internal Audit Charter from last year's one. Gemma Young (Head of Internal Audit & Risk Management) clarified that this was an update report with very few changes. There had not been any changes to the PSIAS which affects the charter.
  - b. Peter Nwosu (Independent Member) referred to the Brexit cross cutting risk (page 51 of the report) which did not have a time line despite the objective seeming to refer to it as happening now. Gemma Young clarified that it would be her decision when to make the Brexit audit would occur, in order to add value and ensure timely delivery of assurance. Gemma Young also sits on the Council's Brexit Panel.
  - c. Councillor David-Sanders queried the Draft Audit Plan as regards the many 'To be Confirmed' entries in terms of audit timing. Would the audits be equally distributed throughout the year or would there be heavy quarters and light quarters'. He was conscious of the fact that there are a lot of audit days within the plan. Gemma Young clarified that that was the reason for the many 'to be confirmed' entries because they have been agreed in principal by Directors'. Most of the plan (80% - 90%) is agreed but this audit committee comes quite early in March. With the timings, Gemma Young was keen to not overload certain departments i.e. Finance would be very busy in Quarter 4 so no audits programmed then. So, Gemma Young was very keen to agree the timings with Directors so as not to overload officers. She preferred quite heavy quarters for Q1, Q2

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and Q3 and then Q4 would be mainly intended for finishing and tidying up audits in year. At the June 2019 Audit & Risk Management Committee meeting, the quarters will be set apart from the Brexit risk.

- d. Peter Nwosu (Independent Member) queried the volume of the draft plan and if an assessment had been made for capacity and how big was Gemma's team. Gemma Young clarified that her team were at 90% capacity. The team always have some audits drop out throughout the year or are moved to the following years audit plan. Audits are also added throughout the year and things usually balance themselves out through the year.

**AGREED** to note the 2019/20 Draft Internal Audit Plan and Internal Audit Charter, to permit the Head of Internal Audit and Risk Management to agree the plan with Executive Directors and Directors and to report the final plan to the Audit & Risk Management Committee in June 2019 and to permit the Head of Internal Audit and Risk Management to proceed with audits planned for Q1 2019/20.

### 1001

#### INTERNAL AUDIT PROGRESS REPORT 2018/19 - 20:35 - 20:45

RECEIVED the report from the Director of Law and Governance presenting the 2018/19 Audit & Risk Management Service Progress.

#### NOTED

1. The report was presented by Gemma Young (Head of Internal Audit & Risk Management) and summarises the work that the Audit & Risk Management Service has undertaken for the period 1 April 2018 to 31 January 2019.
2. The team had started 62 assignments which is 98% of the current audit plan and 38% of the current plan had been fully completed. At the same period in 2017/18 99% of assignments had commenced with 49% completed. Chart 1 on page 65 of the report details the progress made so far.
3. As detailed at point 3.5 (page 65) there had been a lot of changes to the audit plan. Twenty new assignments had been added and nine deferred/cancelled as shown in Annex 2 (Page 79 – 80 of the report).
4. Since the last committee meeting, there have been 2 No Assurance Audits and 1 Limited Assurance as detailed at pages 66 – 67 of the report.
5. In terms of implementing audit actions, 61% of High-Risk actions and 49% of Medium risk actions had been fully implemented by the end of February 2019. Compared to last year, 46% of High-Risk actions had been implemented by 1 February 2018.
6. As detailed at 3.14 (page 69) of the report, the annual savings target is £2m and by the end of January 2019 the team had achieved £3.6m.

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The team recovered 58 Council properties and 31 Temporary Accommodation recoveries.

As detailed at page 71 of the report, 29 Right to Buy applications had been cancelled, submitted by tenants.

7. As detailed at 3.16 (page 72) of the report, 25 applications had been cancelled as regards 'No Recourse to Public Funds' equating to a saving of £430K per annum.
8. As detailed at 3.17 (pages 72-73) of the report, the Insurance team's highlights included a significant new claim and is likely the reserve will exceed the £500K deductible. This was a large claim that Gemma Young would keep Members informed of.
9. As detailed at Table 7 (page 73) of the report, the Current Abuse cases are listed.
10. As detailed at Table 8 (page 73) of the report, several key successes, so far for the Insurance team, resulting in £243K worth of claims avoided and dis-continued pre-trial.
11. The following questions and queries raised in response to the report:
  - a. The committee queried the audit action implementation of the high-risk items (61%) which equated to 39% of high-risk actions not implemented. How did the team action this. Gemma Young clarified that the implementation of audit actions by managers is monitored via the assurance board. Managers attend the board to provide reasons for non-implementation of actions and this is taken very seriously. Some of the reasons refer to system issues whereby the supplier is contacted to make those changes. They are still high-risk items but have not been able to be remedied. There are robust reasons why these high-risk items have not been implemented yet but are confident that they will be, by monitoring them. Sarah Cary further clarified that from a management perspective, these audit actions can sometimes take between 6 – 9 months to implement. Peter Nwosu (Independent Member) responded that if it is going to take 6 months to implement, then they would not be due by 1 Feb. The deadline for implementation should consider any delays i.e. 6 months.

Gemma Young further clarified that the team try to be reasonable with deadlines, but often we need to extend those deadlines for unexpected reasons. The risk would therefore not be overdue after 3 months if a manager is saying it will take 6 months to implement.
  - b. Councillor David-Sanders comments that some of the high-risk items relate to the financial management of schools, bearing in mind that many of these schools have business managers. It was concerning that some of the risks were quite basic i.e. no-account checking. Gemma Young agreed and stated that if the Contract Procedure Rules are not followed then you are not getting best value. The Internal Audit team follow up these recommendations until they are implemented.
  - c. Fay Hammond (Interim Executive Director Resources) suggested that at the year end, all school audits should be

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looked at and the top 3 issues should be listed and then rolled out to all schools as a prevention measure i.e. looked at 20 schools and these are the top 3 issues. Gemma Young would be taking this suggestion forward with Schools.

**AGREED** to note the progress made in delivering the Audit & Risk Management Service's 2018/19 work plan and the outcomes achieved to date, to note managers' progress with the implementation of agreed actions arising from internal audit work and to note the outcomes from the work of the Counter Fraud Service to date.

### 1002

#### **ANTI-MONEY LAUNDERING POLICY & GUIDANCE - 20:45 - 20:55**

RECEIVED the report from the Director of Law and Governance presenting the Anti-Money Laundering Policy & Guidance.

#### NOTED

1. The report was presented by Gemma Young (Head of Internal Audit & Risk Management). This report is presented yearly and all that has been done is essentially a tidy up of the report with minor changes to reflect personnel. There had not been any big changes in Money Laundering legislation and the report remains fit for purpose. The Council were not a big target for money laundering like financial institutions would be, but officers must be aware of it.
2. The following questions raised in response to the report:
  - a. Councillor David-Sanders referred to the scope of the policy around contractors and members who work in the Council and money laundering. It was sometimes quite difficult to keep a track of what contractors there are and their compliance. Was the Council robust with that because that was the riskier area rather than employees of the Council as regards compliance with the policy procedures. This policy was just for the Council, as the Council had risky areas like Right to Buy and business rates.

Gemma Young clarified the contractor compliance issue that generally it would be within the terms of the contract, they wouldn't go within external organisations. Gemma Young would report back to the committee as regards the permits online raised issue.

**ACTION – Gemma Young (Head of Internal Audit & Risk Management).**

**AGREED** to endorse the updated anti-money laundering policy and guidance.

**1003**  
**WHISTLE BLOWING POLICY - 20:55 - 21:05**

RECEIVED the report from the Director of Law and Governance presenting the Whistleblowing Policy.

NOTED

1. The report was presented by Gemma Young (Head of Internal Audit & Risk Management).
2. This was a refreshed policy with minor amendments i.e. contact details. The policy is a framework to enable and encourage people with any concerns regarding any aspect of the Council's business.
3. The policy sits with Gemma Young, who keeps a register and would be bringing back a report to the next Audit & Risk Management Committee about how many whistle blowers there had been in the last year.
4. The following questions raised in response to the report:
  - a. Councillor Savva asked if the policy only applied to Council employees. Gemma Young clarified that the public could tell officers about their concerns, but they would not be covered by the whistleblowing policy. It only aims to give protection to employees within the Council, so that they are not victimised for speaking up.
  - b. Councillor Savva enquired if Council employees knew about the policy. Gemma Young clarified that it was part of the e-learning module and is generally known by staff but is not specifically promoted.

**AGREED** to note and endorse the updated whistleblowing Policy and Guidance.

**1004**  
**BREXIT RISK FOR LOCAL AUTHORITIES - UPDATE - 21:05 - 21:15**

RECEIVED the report from the Director of Law and Governance presenting the Initial Brexit Risk Register/

NOTED

1. The report was presented by Gemma Young (Head of Internal Audit & Risk Management). This was the initial Brexit risk register developed by the Brexit Panel, which is chaired by Councillor Daniel Anderson, Deputy Leader of the Council.
2. The register aims to capture the risks of a 'No Deal' Brexit from day 1 – day 100 and is a limited list for that reason. The department has got larger risk registers which are more long term but this was very much the immediate requisite.

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3. As detailed at Appendix A (pages 5 – 7) of the report, there were 9 risks detailed within the register.
4. The following questions and queries raised in response to the report:
  - a. Councillor David-Sanders comments that he was pleased to see that the membership of the Brexit Panel had been extended to include Citizen Advice Bureau's, local business & commerce, which was very re-assuring.

**AGREED** to note the risks recorded in the initial Brexit risk register.

### **1005 MINUTES**

**AGREED** that the minutes of the Audit Committee meeting dated 20 June 2018 be approved and signed as a correct record.

### **1006 AUDIT & RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2017/18**

**RECEIVED** an outline work programme for the Committee covering the 2018/19 Municipal Year Committee.

**AGREED** to approve the outline work programme for 2018/19.

### **1007 DATES OF FUTURE MEETINGS**

**NOTED**

- (a) that this is the last ordinary meeting of the Audit & Risk Management Committee scheduled for the 2018/19 Municipal Year;
- (b) that a new programme of dates for the 2019/20 municipal year are currently being prepared for inclusion and approval as part of the Council's 2019/20 calendar of meetings, which is due to be considered and approved at the Annual Council meeting on 8 May 2019.



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The provisional dates being included on the calendar for consultation purposes will be provided for members as soon as they have been finalised.

### **1008 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**, in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for the item listed on part two of the agenda on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

### **1009 MERIDIAN WATER RISK REGISTER UPDATE**

Peter George (Programme Director – Meridian Water) presented the Meridian Water Risk Register and answered questions from members of the Committee.

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