

## AUDIT COMMITTEE

MONDAY, 26TH JUNE, 2017

**Present:** Councillors: Nick Sharman (In the Chair), Brian Bell, Robert Chapman, Michelle Gregory, Sem Moema

Officers: Tim Shields (For agenda item 4), Ian Williams, Michael Honeysett, Michael Sheffield, Bruce Devile, Matthew Powell, Julie Sharp, Patricia Narebor

### 1 APOLOGIES FOR ABSENCE

1.1 There were no apologies for absence

### 1 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

### 3 MINUTES OF THE PREVIOUS MEETING

3.1 The minutes of the previous meeting were agreed as a correct record.

Matters Arising

#### **Measuring the success of the Olympic Games**

Noted that Stephen Haynes was to have responsibility for the measurement of the success for the Borough of the previous Olympics Games in London.

### 4 DIRECTORATE RISK REGISTER REVIEW- CHIEF EXECUTIVE

4.1 Tim Shields introduced the report advising the Committee of the key risks facing the Chief Executive's Directorate in 2017/18 and the actions being taken to reduce the likelihood and impact of the risks. He referred the Committee to the risks around the impact of Brexit on EU funding streams and risks concerning safety and security at the employment hubs. In the area of Policy Tim Shields referred to risks arising from the current pace of economic and social demographic change in the Borough, together with the pace of institutional and fiscal change. He referred to the need to manage risks around Health Care partnerships and reputational risks.

**Monday, 26th June, 2017**

4.2 Councillor Brian Bell asked for clarification about the respective roles of the Community Insight Group and the Community Tensions Group. Tim Shields confirmed that these groups were separate and that dialogue would be ongoing with the community in an effort to allay fears and tensions.

4.3 Councillor Michelle Gregory asked that a calendar of forthcoming events in Hackney be circulated to members. She further asked what arrangements were in place in the event of emergencies in Borough and arrangements for data protection in the Council. Tim Shields reported on these arrangements, including that the role of 'On-Call Duty Gold' was allocated between himself and Group Directors on a rota basis. He referred to command structures and that the Council would set out timescales for training and resources allocated. He told the Committee of the great difficulties of dealing with a disaster of the scale of 'Grenfell Tower'. Thirteen Chief Executives were currently working on this. He further referred the Committee to the business continuity plans, plans for flooding, etc. Ian Williams agreed to circulate a note to members on arrangements in place for effective data protection. In response to Councillor Gregory's request for better notice it was agreed that members be supplied with a calendar of upcoming events.

**ACTION: Ian Williams**

4.4 The Chair of the Committee emphasised the need for the Committee to have oversight of the work of the Boards referred to in the Risk Register together with overseeing the ability and capacity of the voluntary and community sector with whom the Council works in the community. Tim Shields confirmed that these were assessed and that AVCs provided feedback. In response to a question from the chair on what measures were in place to 'attract highly able staff', Tim Shields confirmed that among the measures was marking out the Council as a good employer and a reward culture. He confirmed that any measures were measurable. He further confirmed that the turnover at the Council was healthy. The chair asked for a summary of what action was being taken in this area.

**RESOLVED:**

To note the contents of the report and the Chief Executive's Directorate Risk Register attached at Appendix 1 to the report.

## **5 TREASURY MANAGEMENT UPDATE**

5.1 Pradeep Waddon introduced the treasury management outturn report and the actual prudential indicators for 2016/17 for the Audit Committee setting out the background for treasury management activity over the year and confirming compliance with treasury limits and prudential indicators. He told the Committee that the Council's investment balance was £149,263m at the end of the financial year and referred the Committee to the Treasury management activities from April to May 2017.

5.2 Ian Williams reported to the Committee that the statement of accounts was to be submitted to the special meeting of the Committee on July. In a response to a question from Councillor Gregory he told the Committee that an update on the reserve would be made to the July meeting.

**ACTION: Ian Williams**

5.3 The Chair asked whether the Council could fund capital expenditure and whether there was the ability to oversee and manage this risk...?

**RESOLVED:**

To note the report

**6 CORPORATE RISK REGISTER**

6.1 Matthew Powell introduced the report updating the Committee on the current Corporate Risk Register of the Council as at June 2017. The report identified how risks within the Council were identified and managed throughout the financial year and the Council's approach to embedding risk management. In response to a question from Councillor Sem Soema on the length of time that risks are on the threshold and the need to monitor these, Matthew Powell reported that a suite of these risks would be reported to a future Committee. The Chair asked whether there was an early warning system in place for high impact risk. Ian Williams told the Committee that testing in this regard was taking place across all services. He confirmed, in response to the chair's further questions that work was currently in progress on Brexit. Councillor Brian Bell asked about risk in relation to special education needs children who are left with no resources and Matt Powell agreed to feedback to the Committee on this matter.

**RESOLVED:**

To note the contents of the report and the attached risk registers and controls in place.

**7 INTERNAL AUDIT ANNUAL REPORT 2016/17**

7.1 Michael Sheffield introduced the report providing details of the performance of internal audit during 2016/17 and the area of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the Council. He reported that the overall outcome of audits had been reassuring. He reported slight concern around schools. However, the number of recommendations, 'not implemented or no response' had reduced from 50 to 35. Michael Sheffield referred the Committee to the Hackney 'Internal Audit Charter- 2017-2018' and the Internal audit strategy 2017-2018. In response to the question from the chair Julie Sharp reported closer working with Risk and integrating this into the Audit Plan. The Committee reiterated the importance of risk feeding into the Audit Plan and that regular updates be made to the Committee on progress.

**ACTION: Julie Sharp**

**RESOLVED:**

To approve the Internal Audit Charter and Strategy.

**8 ANNUAL FRAUD AND IRREGULARITY REPORT 2016/17**

8.1 Michael Sheffield introduced the Annual Fraud and Irregularity Report 2016/17, providing status report and analysis of reported fraud and irregularity within the London Borough of Hackney. He told the Committee that the estimated savings arising from enquiries was £170,223. The Committee noted the recent establishment

**Monday, 26th June, 2017**

of the London Counter Fraud Hub, currently using technology used by Insurance Companies as a powerful way to aggregate data.

8.2 Councillor Michelle Gregory asked about the accessibility of policy on fraud on the website and the response that a policy on fraud was currently on the Council's website.

**RESOLVED:**

To note the report.

**9 PERFORMANCE OVERVIEW**

9.1 Ian Williams and Bruce Devile introduced the first set of indicators that were selected to be reviewed by the Audit Committee on a regular basis as part of the Committee's overview of the Council's performance. The Committee noted the attached risk scorecard and emphasise the need to convert this to commentary. Bruce Devile told the Committee that the Council would soon have information on appointments carried out. He reported that there was to be an improvement information with the introduction of 'real time data.'

9.2 Councillor Michelle Gregory asked about claims for compensation and Bruce Devile clarified that there were circumstances when this would be available, such as when a council operative does not turn up for an appointment. He went on to confirm to Councillor Robert Chapman that the risks within the performance indicators were owned by Kim Wright, Group Director.

9.3 The Chair considered that the indicators were effective for monitoring purposes and that these could be developed further, including making them more evaluative, incorporating large capital schemes and becoming accessible to all members.

**RESOLVED:**

To note the current capital monitoring arrangements and future enhancements to the reporting to Audit Committee and that a report be made to the September meeting.

**10 WORK PROGRAMME**

**RESOLVED:**

To note the report.

**11 ANY OTHER BUSINESS THAT IN THE OPINION OF THE CHAIR IS URGENT**  
**None**

**Duration of the meeting:** 6:30 – 9:00 pm

Chair at the meeting on  
Monday, 26 June 2017