

**CANNOCK CHASE COUNCIL**  
**MINUTES OF THE MEETING OF THE**  
**AUDIT AND GOVERNANCE COMMITTEE**  
**HELD ON TUESDAY 19 JUNE 2018 AT 4:00 P.M.**  
**IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK**

**PART 1**

PRESENT:  
Councillors

Grice, Mrs. D. (Chairman)

Bowater, J.      Johnson, J.P.  
Crabtree, S.K.    Tait, Ms. L.

Also Present:

- Jim McLarnon, Audit Manager, Grant Thornton (External Auditors).

**1. Apologies**

An apology for absence was received from Miss. M.J. Dudson, Vice Chairman.

**2. Declaration of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members**

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

**3. Minutes**

RESOLVED:

That the Minutes of the meeting held on 27 March, 2018, be approved as a correct record and signed.

**4. Review of the Effectiveness of Internal Audit**

Consideration was given to the Report of the Head of Governance and Corporate Services (Item 4.1 – 4.8 of the Official Minutes of the Council) *(presented by the Chief Internal Auditor & Risk Manager)*.

The Chief Internal Auditor & Risk Manager outlined to the Members the following key aspects from the report:

- The External Quality Assessment had been carried out by Cipfa in November, 2016 and the outcome of the review reported to the Committee in March, 2017. It concluded that Internal Audit was effective and conformed

with the requirements of PSIAS/LGAN

- There had been one area of significant non-conformance related to PSIAS 1110 Organisational Independence. However, it had been considered that this area did not compromise the effectiveness of Internal Audit.
- The review had identified that the Audit Charter required updating.
- The Internal Audit Section would work in accordance with the Core Principles for the Professional Practice of Internal Audit as set out in the PSIAS.
- Where possible in relation to areas to be audited around Insurance, Risk Management and Health and Safety, the Chief Internal Auditor would act as client to the Principal Auditor and report to the Head of Governance and Corporate Services. In order to bring further independence, where possible an external contractor or an auditor from another Local Authority would be asked to carry out the audit.

In response to a question raised by a Member, the Chief Internal Auditor and Risk Manager advised that the use of contractors would come from salary savings from within the section.

RESOLVED:

That:

- (A) The findings of the annual review of the effectiveness of internal audit 2017-18 be noted.
- (B) Internal Audit generally conformed to the Public Sector Internal Audit Standards, was operating effectively and could be relied upon when considering the Annual Governance Statement for 2017-18.
- (C) The revised Internal Audit Charter be approved, in particular the introductions of the safeguards at paragraph 7.5 of the Charter for dealing with conflicts of interest when auditing areas where the Chief Internal Auditor had operational management responsibility.

## **5. Internal Audit Annual Report 2017/18**

Consideration was given to the Report of the Chief Internal Auditor and Risk Manager (Item 5.1 – 5.22 the Official Minutes of the Council).

The Chief Internal Audit & Risk Manager outlined to the Members the following key aspects from the report:

### Summary of Significant Findings for Audits Issued in Quarter 4

There was currently one Audit with a Limited Assurance, nine Audits with Partial Assurance and three Audits with Substantial Assurance.

### Audits in Progress

There were currently four Audits in progress which would not be completed by the end of the year and would be carried over to 2017-18.

### Significant Issues Arising 2017-18

There were currently eleven Audits with Substantial Assurance, fifteen Audits with Partial Assurance, one Audit with Limited Assurance and no Audits with zero Assurance.

### Audit Performance

There had been two Audits deferred which were Asset Management and Non-housing Maintenance. These had been deferred due to staffing issues within Property Services.

RESOLVED:

That the Internal Audit Annual Report 2017/18 be noted.

## **6. Strategic Risk Register**

Consideration was given to the Head of Governance and Corporate Services (Item 6.1 – 6.16 of the Official Minutes of the Council).

The Head of Governance and Corporate Services referred to paragraph 5.4 and reported that there had been a reduction of risks from six to five between 1 October, 2017 and 1 April, 2018. The number of Strategic Risks had fallen, two Strategic Risks had been deleted and one new risk had been added.

In response to a question raised by the Chairman, the Head of Governance and Corporate Services referred to the new risk “There is a reduction in investor confidence in the District” and explained that there was some planned work around regeneration. Members were advised that this risk had been rated as Amber which could be a cause for concern, however Officers would continue to work on this.

RESOLVED:

That the progress made in the identification and management of the strategic risks be noted.

## **7. Annual Governance Statement 2017/18**

Consideration was given to the Report of the Head of Governance and Corporate Services (Item 7.1 –7.19 of the Official Minutes of the Council).

The Head of Governance and Corporate Services outlined to Members the following key aspects from the report:

### Significant Governance Issues

- Management Capacity and Delivery of the Council’s Corporate Priorities and Statutory Duties – capacity issue and forward direction being considered

- Cyber Security – cyber awareness training to be rolled out alongside Data Protection training

RESOLVED:

That the Annual Governance Statement for 2017/18 be approved.

**8. Cannock Chase District Council Audit Fee Letter 2018/19**

Consideration was given to the Letter of the External Auditors (Item 8.1 – 8.3).

RESOLVED:

That the Letter of the External Auditors be noted.

**9. Progress and Update Report for Cannock Chase District Council**

The External Auditor provided the Committee with a verbal update on the following matters:

The External Auditor reported that there was a statutory deadline of 31 May, 2018 for the accounts to be audited for 2017-18 which had been carried out.

He referred to the Audit Fee Letter 2018-19 and commented that the Council's scale fee for 2018-19 had been set at £40,124 which had seen a decrease by £12k. This fee was set for the next five years.

RESOLVED:

That the verbal update of the External Auditors be noted.

The meeting closed at 4:40 p.m.

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CHAIRMAN