Minutes of the Meeting of the Audit Committee
22 June 2016

Cllr Roger Ramsey was in the Chair

Members Present:

Cllr Roger Ramsey (LB Havering)
Cllr Stephen Alambritis (LB Merton)
Cllr Simon Wales (LB Sutton)

In Attendance:

Eugene O'Driscoll, Agilisys
Ellen Murphy, Agilisys
Darryl Ungerer, Agilisys
Jeremy Mullins, City of London
Pat Stothard, City of London
Philip Johnstone, KPMG

London Councils' officers were in attendance.

1.   Declarations of Interest

There were no declarations of interest.

2.   Apologies for Absence

Apologies for absence were received from Councillor Jas Athwal (LB Redbridge) and Roger Chadwick (City of London).

3.   Minutes of the Audit Committee meeting held on 24 March 2016

The minutes of the Audit Committee meeting held on 24 March 2016 were agreed as being an accurate record.

4.   Internal Audit Reviews

The Audit Committee received a report that provided members with an update of the internal audit reviews completed by the City of London's Internal Audit section since the last meeting held in March 2016

David Sanni, Head of Financial Accounting, London Councils, introduced the Internal Audit report. He informed members that there were two reviews: (i) ICT Strategy (page 7), and (ii) Risk Management and Business Continuity Planning 2015/16 (page 19 of the report). David Sanni said that there had been considerable improvements since 2014. All the recommendations had been accepted.

The Chair asked what the "limited visibility in this respect" (paragraph 2, page 10) referred to. Frank Smith said that Agilisys had been very pro-active, in assessing risks. He said that it was

unclear why the auditor had come to this conclusion in the review and it should have been queried with the auditor.

Eugene O'Driscoll, Agilisys, gave a brief presentation on the London Councils LAN refresh and 2FA project update. The following comments were made:

- There were two main workstreams: (i) Network Refresh and (ii) 2 Factor Authentication
- There had been a delay in implementation – now on schedule for 31 August 2016
- Agilisys was working with London Councils' IT department to implement projects (delivery dates and framework were in place)
- Target completion date was 30 August 2016

Cllr Simon Wales asked if disaster recovery tests were being carried out. Roy Stanley, ICT and Facilities Manager, confirmed that a disaster recovery testing regime had already started.

The Audit Committee:

- Considered and commented on the contents of the internal audit reports attached at Appendix A and B;
- Noted the position on outstanding internal audit recommendations detailed in the log attached at Appendix C; and
- Noted that there were no significant control weaknesses identified in the reviews completed during the period.

5.   Review of the Annual Governance Statement

The Audit Committee considered a report that reviewed each element of the current Annual Governance Statement (AGS). The report also highlighted any continuing and potentially new areas for development (and those from previous years that had been addressed). Finally, the report made recommendations for revisions that would be contained in the AGS to be included in the audited accounts for 2015/16.

David Sanni introduced the AGS report. He informed members that the AGS had been prepared and published in accordance with CIPFA/SOLACE Framework, which was due to be reviewed in 2016. The report reflected the outcome of the officer review of governance arrangements in place during the year and the Head of Internal Audit and Risk Management's opinion on the system of internal controls. It also draws on the feedback provided by London Councils' external auditors, KPMG, following the conclusion of their interim audit in March 2016.

David Sanni said that Appendix A of the report (page 60) showed the recommended changes to the current AGS in red. It was agreed that the section regarding the "Discharge of the Monitoring Officer function" (page 62, last paragraph) be replaced with the following:

*"**Monitoring Officer**: This is a statutory post under s.5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer."*

The Audit Committee:

- Noted the summary of the internal audit reviews undertaken during 2015/16 and the opinion of the Head of Audit and Risk Management at the City of London on the overall control environment, as detailed in Appendix B; and
- Approved the recommended changes to the AGS for 2014/15, as detailed in Appendix A (including the changes previously outlined to the "Monitoring Officer" paragraph on page

62 of the report), to produce the AGS for 2015/16 for inclusion in London Councils' accounts for 2015/16, as detailed in Appendix C

6. Risk Management: Chief Executive's Directorate Risk Register

The Audit Committee received a report that provided members with the current Chief Executive's Directorate Risk Register.

Christiane Jenkins, Director of Corporate Governance, London Councils, introduced the Chief Executive's Risk Register report, which was last reviewed in February 2016. She informed Committee that CG 5 was a new risk (non-compliance with London Councils information Governance policies). Christiane Jenkins said that two new Corporate Resources Risks had been introduced: CR17 – lack of IT strategy and CR18 – data security. She informed members that Frank Smith was the London Councils' Senior Information Risk Officer (SIRO). Frank Smith was working with Emily Salinger, Corporate Governance Manager, London Councils, to ensure that London Councils' officers were trained on data security issues.

The Chair asked whether London Councils' data was stored in the cloud. Roy Stanley confirmed that London Councils email archive was stored in the cloud, but not workfiles, and the model was similar to that used by a number of local authorities. Frank Smith said that a great deal of personal information was held in respect of Taxicard holders, like proof of residency and medical documentation to confirm eligibility and that sufficient data security needs to be in place before these risks can be potentially downgraded by 2017.

Councillor Alambritis queried CG8 – unplanned absence of regional employers' secretary for extended period. Christiane Jenkins said that there were only two members of staff that worked for the Regional Employers' organisation and contingencies had been put in place in case they were indisposed or on planned leave.

The Audit Committee noted the Chief Executive's Directorate Risk Register.

The meeting finished at 10.55am

Action Points

	Action	Progress
5. Review of Annual Governance Statement – Appendix A)	To replace the section on "Discharge of the monitoring officer function" (page 62) with the following: ***Monitoring Officer**: This is a statutory post under s.5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer.*	**Completed**