



Brent

LONDON BOROUGH OF BRENT

MINUTES OF THE AUDIT COMMITTEE Wednesday 11 January 2017 at 7.00 pm

PRESENT: Councillor Mr Ewart (Chair), Councillor A Choudry (Vice-Chair) and Councillors Sullivan, Davidson, Naheerathan and Nerva

Also present: Councillors

Apologies for absence were received from: Councillors

1. **Declarations of Interests**

The Chair declared that he was a former Finance Director at the London Borough of Ealing until in 2013.

No other declarations of Personal and Prejudicial Interests were made.

2. **Deputations (If Any)**

There were no deputations received.

3. **Minutes of the Previous Meeting**

RESOLVED that the minutes of the previous meeting, held on 22 September 2016 be approved as an accurate record of the meeting and signed by the Chair.

4. **Matters Arising**

(i) Corporate Risk Register

The Chair informed the Committee that the Risk Register would be discussed under Item Number 11 to the Agenda.

(ii) Independent Member of the Audit Committee – Recruitment Update

The Chair informed the Committee that Mr Eugene Sullivan had been appointed as an Independent Member to serve on the Committee. The Chair welcomed Mr Sullivan to the Committee and asked him to introduce himself.

Mr Sullivan introduced himself and talked about his professional experience.

(iii) Complaint Regarding the Appointment of Independent Person(s)

The Chair stated that a note by the Monitoring Officer containing guidance on best practice for appointing Independent Persons had been circulated to Members of the Committee.

(iv) *Internal Audit Report – Torah Temimah Primary School*

The Chair noted that a Briefing Note on Action Plan and Monitoring at Torah Temimah School had been circulated and asked the Chief Finance Officer for a brief update.

Conrad Hall (Chief Finance Officer) informed the Committee that the school was continuing to take actions addressing the recommendations from the audit report. A fully updated action plan had been requested from the school and would be made available to Members at the next Audit Committee meeting. Regular progress meetings had been held by officers with the school's representatives and the final meeting in this process had been scheduled for 7 February 2017.

The Chief Finance Officer added that the school had achieved five of the priority two and three recommendations, but progress had to be made on documenting various financial policies and procedures. It was noted that work on Priority 1 recommendations continued and that the school had committed to submitting all financial returns as per the deadlines.

(v) *Local Government Ombudsman's Investigation into a Complaint Against London Borough of Brent*

The Chair advised the Committee that this item had been deferred at his request due to the length of agenda and importance of some of the items. Vanessa Bateman confirmed it would be on the agenda of the Committee meeting in March 2017.

5. KPMG Progress Report

Steve Lucas (Senior Manager at KPMG) introduced a report summarising the auditing activities undertaken by KPMG in the period September 2016 to January 2017. He drew the Committee's attention to the key work undertaken by KPMG which could be found on page 16 of the Agenda Pack.

Steve Lucas highlighted the fact that KPMG had accepted six objections to the 2015/2016 accounts. 'Accepted' in this legal context means only that certain minimum legal requirements have been met, for example that the Objection is in writing and from a local elector or that it is not in respect of an immaterial item. It does not imply that any decision has been reached as to the substance of the Objection. Steve Lucas confirmed that he had received responses from the Council and that there had been an ongoing correspondence between KPMG and local electors. Steve Lucas stated that an update was going to be provided at the next meeting of the Audit Committee.

Steve Lucas informed the Committee that planning for the 2016/2017 audit had started and that an update would be provided at the next meeting of the Committee.

RESOLVED that the contents of the External Audit Progress Report be noted.

6. KPMG Annual Audit Letter

Phil Johnstone (Director at KPMG) introduced the Annual Audit Letter which summarised the outcome of the KPMG's audit work at the London Borough of Brent in relation to the 2015/16 audit year. He noted that some of the contents of the report had been reported to the previous meeting of the Audit Committee on 22 September 2016 and the amendments made had been reflected in the document.

The annual audit letter set out that the audit of the council's accounts had resulted in an unqualified audit opinion, although some significant amendments had been required to the draft accounts. An unqualified value for money conclusion had also been issued, meaning that the council had reasonable arrangements in place to secure value for money.

Phil Johnstone informed the Committee that KPMG had received six objections to the accounts from local electors and it would not be possible to issue the audit certificate prior to the completion of all responsibilities related to the financial year. Although there are six legally separate Objections five of them are very similar and relate to the same subject: the exit payment to the Council's former HR Director. Phil Johnstone informed the Committee that ongoing updates in terms of progress would be brought to the next meeting of the Committee.

A Member asked a question about the cost incurred by the Council in relation to the additional work undertaken on the six objections received. Phil Johnstone clarified that any additional fees would be agreed with the Chief Finance Officer and Public Sector Audit Appointments Limited (PSAA) and these would be reported to the Committee. This led to a discussion about the cost of objections in the previous financial year and to the extent to which electors could challenge the Council. Phil Johnstone explained that although there was not a formal threshold for objections, the criteria for accepting objections had changed. He gave an example of the introduction of a prescribed period for accounts being available for inspection (30 working days), i.e. when it would be possible to bring objections up. Moreover, Phil Johnstone listed some of the reasons why an objection could be rejected –if it had been previously considered, if the cost incurred would be disproportionate or due to its nature. He advised that the external auditor was not obliged to explain the reason for the rejection and that the person bringing the objection had the right to appeal.

In relation to the six objections received, Phil Johnstones informed the Committee that although the initial stage of investigation would not usually incur a cost, it had not been clear yet if any of the objections would be rejected. Conrad Hall (Chief Finance Officer) added that the Council sometimes received questions from people who were interested in the accounts, and that the Council takes an open and transparent approach to these in order to assist residents.

Mr Sullivan requested more information about the adjustments to the accounts and the causes for these. It was agreed that he would work on this with the Chief Finance Officer outside the meeting. The external auditor, KPMG, offered to assist him in case he had any questions.

A Member asked a question which related to the fee incurred by the audit of the Pension Fund (£21,000). Phil Johnstone responded that the fee was in line with the planned fee. He clarified that under KPMG's terms of engagement with PSAA, the external auditor undertook prescribed work in order to certify the Council's housing benefit grant claim (the fee would be confirmed), while audit-related services for the certification of the Teachers' Pension Return and Pooling of Housing Capital Receipts Return fell outside of the PSAA certification regime. The discussion continued by a Member's question which related to the reasons why internal auditors could not provide these audit-related services to which the Chair responded that the current arrangements ensured the conduct of an independent audit process.

RESOLVED that the contents of the Annual Audit Letter 2015/16 be noted.

7. Planning Applications Audit Report

The Chair reminded the Committee that its purpose in reviewing 'limited assurance' audit reports was not to re-examine all the issues raised, but to gain assurances that the issues identified were being properly addressed by management.

Vanessa Bateman (Interim Head of Audit and Investigation) presented a report on Planning Applications produced following a request made at the June 2016 Audit Committee. PriceWaterhouseCoopers(PwC) undertook the review and a final report was produced in November 2016. The document provided Limited Assurance and raised recommendations related which to the following areas of concern

- Approval of planning applications: System audit trail and workflow
- Acolaid system user access
- Anti-bribery arrangements
- Pre-application review
- Management information

Vanessa Bateman highlighted that new management had been in place since May 2016 and there was evidence of improvements made to the system of controls within the planning application assessment process. She drew the Committee's attention to page 83 of the Agenda Pack which contained the Executive Summary of the Internal Audit Report 2016/2017 prepared by PwC. She informed the Committee that 11 actions had been identified and the service had responded. Two actions had been completed, five were due by the end of January 2017 (they had been identified as high risk), and two had been scheduled for completion by the end of April 2017 (they had been assigned medium priority). Vanessa Bateman suggested that if the tasks that were due in January 2017 were completed, this would increase the assurance level and she informed Members that a report on the recommendations was to be presented to a future meeting of the Committee.

Matt Cavanaugh (Engagement Manager at PwC) confirmed that PwC was satisfied by the report and declared that he welcomed any questions Members had.

Adrian Harding (Acting Development Management Manager) provided an update on all actions contained in the Action Plan which were either completed or moving towards completion, with the project running on track. He focused his presentation on the following actions

- 1a - Audit trail (page 90 of the Agenda Pack) which had been completed and recorded the activities of the Team.
- 1b – Segregation of duties (page 90 of the Agenda Pack) which had been completed, with the system separating key parts of the process.
- 2a, 2b and 2c – User access levels (page 92 of the Agenda Pack) where it was identified that Digital Services (IT) needed training by the software provider and where IT would provide a listing of access rights on a quarterly basis to enable the review of access rights and process any changes required. Moreover, user access rights were to be reviewed and restricted as a priority by the end of January 2017.
- 2d – Monitoring user activity (page 92 of the Agenda Pack) – a performance management report had been drafted to show user activity.
- 2e – Removing leavers (page 92 of the Agenda Pack) – IT would review its procedures for processing leavers and removing access to Acolaid, while Planning would notify IT of any leavers, requesting their accounts to be closed.
- 3a, 3b and 3c – Anti-bribery risk arrangements (page 94 of the Agenda Pack) – a bribery risk assessment had been progressed with the Council's legal service, anti-bribery training had taken place on 4 November 2016, and the Team was in the process of completing declarations of interest.
- 4 – Pre-application advice (page 95 of the Agenda Pack) – the same level of progress as the segregation of planning duties, with the system preventing officers from reviewing and approving their own written advice to customers (excluding Duty Officer query responses).
- 5 – Management Information (page 96 of the Agenda Pack) – management reports on a range of issues had been produced, with additional reports to follow shortly, including individual and overall performance reports.

The Vice-Chair asked a question which related to the way information was extracted for reporting purposes (whether this was manual or via information management). Adrian Harding explained that there were two ways of extracting information for report – by searching and downloading data into a spreadsheet or by using specialised software, Aconet, which browsed the system and could be used to create a number of reports depending on the preferences of the report-writer. He added that part of the reporting was 'accounting-flavoured' as it dealt with the number of applications received, determined, and those which remained on the system.

A member of the Committee asked to what extent the audit and its recommendations had been anticipated and whether there had been any self-assessment conducted by the Team. Vanessa Bateman said that self-assessments were not routinely completed in advance of an audit but that it was Management's responsibility to implement a robust system of internal control and that the scope of the audit and the risks covered by the work would have been agreed with Management as part of the audit planning process. Alice Lester (Head of Planning, Transport and Licensing) clarified that the scope of the audit had been agreed with the Team and, therefore, there were no unexpected actions.

The Chair said that there had been a number of tasks to be completed by 31 January 2017 and expressed concern whether the target would be achieved. Adrian Harding explained that the Team was dependent on IT for some actions which meant that some may not be completed by the deadline. Alice Lester stated

that an update on the matter would be provided at the next meeting which was supported by the Chair. This led to a short discussion whether the contract for IT services covered training. It was decided that Planning Officers would report to the Chief Finance Officer in respect of this.

Mr Sullivan commented that the software included proper audit controls. He made the point that as these controls were not working then either these controls had not been properly configured by the software company, or they had been and then switched off by management. Depending on which answer was provided a fundamentally different approach to the further actions required would be indicated. The Planning Officers undertook to update the Chief Finance Officer within a week, and would in turn update the committee.

The chair thanked PwC for its work on the report.

RESOLVED that:

- (i) The contents of the Planning Applications Audit Report be noted;
- (ii) A progress update on actions that were due to be completed by 31 January 2017 be provided at the next meeting of the Committee.
- (iii) A response whether audit control on Acolaid had been switched on or off when the Council bought the software be provided at the next meeting of the Committee.

8. External Auditor Appointment

The Committee received a report setting out the proposals for appointing the external auditor to the Council for the 2018/2019 accounts and beyond. Conrad Hall (Chief Finance Officer) presented the following three potential approaches to the appointment the external auditor to the Council:

- (i) A sector-wide procurement conducted by Public Sector Audit Appointments
- (ii) Establishing an independent auditor panel
- (iii) Joining other local authorities to establish a joint auditor panel

Conrad Hall advised the Committee that the option recommended in the report was (i) A sector-wide procurement conducted by Public Sector Audit Appointments. He explained that Public Sector Audit Appointments (PSAA) was limited by guarantee incorporated by the Local Government Association and it would help the Local Authority maintain separation between the Council and the external auditor appointment. Among the key benefits presented were the opportunity to minimise conflict of interest, the benefit of purchasing services in bulk (better negotiation position to secure offers by more companies and reduce costs, while maintaining high levels of quality), the fact that PSAA would monitor contract delivery, lower procurement costs, and no need for the Council to establish an alternative appointment process locally.

Conrad Hall reminded the Committee that the current audit arrangements covered up to and including 2017/18 audits and if the recommended option was to be approved, the Council must ensure that its notice to opt in would be received by 9

March 2017. Committee Members were advised that although the Committee could not legally make the final decision, its view was obviously highly important and it would be taken into account at the next Full Council meeting.

Conrad Hall reminded the Committee that it was not obliged to endorse the recommended option and spoke briefly of the other two options discussed in the document (see page 27 of the Agenda Pack). He highlighted that these followed a model used by private sector companies and informed the Committee of the costs and legal complexities associated with them, including the need to appoint an independent Audit Appointment Committee.

The Chair thanked Conrad Hall for his report and expressed a view that he would recommend option (i). The Independent Member, Mr Sullivan, spoke of PSAA's expertise and he expressed support for the economies of scale argument as he argued that buying in bulk would lead to stronger competition and a better price. Mr Sullivan commented on the fact that accountability would be better as well as PSAA would manage the contract performance. He said that the sector wanted similar arrangements to be made 5-10 years ago and he stated his support for the recommended option, suggesting that the Council strongly consider opting in. The Vice-Chair supported the views expressed by Mr Sullivan and Conrad Hall, highlighting the clear advantages of the proposal.

The Chair asked Members of the Committee to bring further questions forward. There was a short discussion whether Local Authorities could appoint external auditors independently of PSAA and it was concluded that although this was possible in theory, a few Councils would select such an option and implement it in practice.

Members of the Committee voted on the proposal and it was unanimously decided to accept it.

RESOLVED that:

- (i) The contents of the External Auditor Appointment 2018/19 report be noted;
- (ii) The Council accepts Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the appointment of external auditors for five financial years commencing 1 April 2018;
- (iii) The Audit Committee endorses the report to be sent to Full Council for approval.

9. Treasury Management Strategy 2017/18

Conrad Hall (Chief Finance Officer) introduced the report which presented the draft Treasury Management strategy for 2017/18 whose final version, alongside with the views of the Committee, would be included in the budget report to be approved by the Council on 27 February 2017.

He stated that the successful identification, monitoring and control of risk was central to the Council's Treasury Management Strategy, which defined how officers would protect investments and how they would look after the Council's money. He

emphasised that securing the return of capital was considerably more important than securing a return on that capital and paid special attention to the fact that interest rates were at extremely low levels. The consequence of this was that opportunities to improve portfolio performance at reasonable levels of risk were very limited and that although rates could increase and this would change the strategy, this was unlikely to happen soon.

Conrad Hall drew Members' attention to the fact that, on 30 November 2016, the Council had £416m of long-term debt and £201m of investments and asked Members of the Committee to look into Appendices A, B, C and D for further detail. He commented that Appendix D contained benchmarking information which showed that the Council had a low risk portfolio of borrowing. He outlined that the Council had £80.5m exposure to LOBO loans (Lender's Option Borrower's Option) of which £40.0m of these could be "called" within 2017/18, while £15m of these were transformed into regular fixed rate loans in 2016/17. He explained that the default position if the option was called would be the repayment of the LOBO without penalty i.e. the revised terms would be accepted. It was considered a significant possibility that some LOBOs could be called over the next few years due to the need to comply with Basle III Regulations for Banks in 2019.

The Chair noted that the Council's external interest budget for 2016/17 of £23.3m, with budgeted investment income of £1.3m, was showing that invested money did not earn much in terms of interest, a feature of the interest rate environment.

Members asked questions which related to eliminating debt and using interest payments to repay loans on the Council's portfolio. In response, Conrad Hall explained that there were no legal restrictions on doing this. However, the high interest rate loans in the portfolio, which were taken out in the early 1990s when loans at c9% may have seemed attractive, would necessarily attract very high redemption penalties whilst current rates were so low. An early repayment strategy could be more practical if interest rates started to rise. With regard to repayment penalties, it was clarified that these could exceed 100% of the principal value of the loan.

Members commented on paragraph 23 of the report, noting that balances in the Council's accounts were earning less interest due to the low rates, and a discussion on the delivery of the Capital Programme followed, concluding that it required improvement despite the progress achieved. Officers pointed out that Brent 2020 gave a clearer idea of key developments the Council wanted to unfold and emphasised the need to ensure that these were sustainable. Members noted that more had to be done in terms of the delivery of the Capital Programme. This would be discussed as part of the work programme at the Committee meeting in March 2017.

The next topic of discussion was the £201m of investments mentioned in paragraph six of the report (see page 39 of the Agenda Pack). A member of the Committee enquired as to what was enabling authorities, shown on the second graph in Appendix D, to get so much in terms of total return on total investment portfolio and whether Brent could learn from them. Conrad Hall responded that the total return on total investment portfolio could be influenced by a higher risk strategy, better returns, deals made in the past, etc. He explained that the graph was sourced by

the Treasury Advisor whom he met quarterly and stated that further details were not available at present.

A Member of the Committee asked if there were any restrictions on what the Council could do with money from Section 106 agreements. Conrad Hall responded that it could be spent as it had been agreed and outlined to the Committee that £201m of investments reflected a range of balances, among which Section 106 funds and the Council's reserves, with approximately £10.3m being specific balances on Section 106. The discussion continued by clarifying that each year a report had been taken to Cabinet defining what areas Section 106 funds would be spent on and what the money would be used for while the Council had it.

Members enquired whether if Brent was to join with other local authorities, it would be able to generate higher interest on investments as a higher sum would be more attractive to investors. Conrad Hall stated that this would depend on whether the sums involved would be enough to excite the market and raise rates. He outlined that the answer to this question would not be straightforward and would require careful consideration.

The Independent Member commented that protecting the capital liquidity of the Council was a clear priority. He suggested that a user guide to accompany the Treasury Management Strategy be created, with clearly defined policies, executive summary and process of improving decisions.

There were no further questions and it was **RESOLVED** that:

- (i) The contents of the Treasury Management Strategy 2017/18 report be noted; and
- (ii) A user guide to accompany the Treasury Management Strategy be created.

10. Internal Audit & Counter Fraud Progress Report for the period 1 September - 30 November 2016

Vanessa Bateman (Interim Head of Audit and Investigation) introduced the report which provided an update on the progress of the Internal Audit Plan and counter fraud work undertaken during the period 1 September to 30 November.

She began by outlining that this progress report had been prepared shortly after the usual quarterly report to make sure that not too many reports were congregated together. Vanessa Bateman felt more confident as she had been able to settle into the role and the organisation and she had started building the network she required to fulfil the role. She noted the progress achieved with PriceWaterhouseCoopers (PwC) as monthly meetings and a quarterly strategic meeting had been set up. She acknowledged that reports outlining what Brent wanted and needed from its audit service were taken to the Corporate Management Team (CMT) which created useful interaction with CMT.

During the presentation of her report, Vanessa Bateman made the following key points

- 56 internal audit projects were included within the agreed 2016/17 Plan (excluding follow up and advisory work)

- 11 audits were removed from the Plan agreed at the March 2016 committee (for details see Table 2 on page 56 of the Agenda Pack)
- 12 audits had been added (for details see Table 1 on page 56 of the Agenda Pack)
- 25 audits had reached draft or final stage of completion

She said that the figures demonstrated that momentum had been built. She stated that requests from management had been responded to and where audits were removed from the Plan she had revisited them to ensure that processes had been followed. Vanessa Bateman spoke of the need for the Audit Service to be flexible and adaptable to the organisation, including the necessity to build in contingency at the beginning of the financial year.

Members were informed that 45% of reports had been issued to date (Table 3 on page 57 of the Agenda Pack), with projections improving for the third and the fourth quarter. Special attention had been paid to follow up audit recommendations and to ensure that a structured process had been put in place. Vanessa Bateman informed the Committee that the Service would be able to deliver the Internal Audit Plan for 2016/17, including a few issues which could be added to be looked at prior to the next financial year.

In terms of the status of 2015/16 Priority 1 and 2 Recommendations, Vanessa Bateman noted an improvement as the percentage of recommendations with unknown status had decreased. However, Members of the Committee commented that having 28 recommendations with unknown status required more work to be put into the matter and requested an update to be provided at the next Committee meeting.

The Chair of the Committee expressed concern that the amount of additions and removals to and from the original plan was too high compared to what was expected. He advised the Committee that Members should consider carefully what should be included in the next plan.

Members enquired as to why the Parking Enforcement Audit had been removed from the Plan. In response, Vanessa Bateman clarified that it had been taken out because there had been an internal investigation and it had been decided not to conduct risk audit on the top of it. The investigation had not been concluded so the Audit Services would look at the assurance maps, risk maps, risks identified and the auditing needs of Parking Enforcement, including Blue badge, early in the next financial year. She confirmed that this had been agreed with Amar Dave (Strategic Director, Regeneration and Environment). This led to a discussion about the process of authorisation of removals and additions to the Plan and it was clarified that directors had been consulted and information had been provided to the Committee to challenge decisions. Vanessa Bateman added that work on the new 2017/18 Plan would start in January so it could be put in place from April onwards.

The Vice-Chair noted the high number of reports to be delivered in the current plan and asked Vanessa Bateman if she felt comfortable to achieve this target. She responded that it would not be easy to complete all reports on time, but she felt this could be possible as tasks had been moved around and regular meetings with PwC had been set up. She said that the only area where the team was behind was schools because of the complete change in approach. However, this had been

prioritised and resources had been allocated to it. This statement raised a question which related to any potential additional fees incurred by the additional work, however, the Committee was assured that the plan would be delivered within the fixed fee.

The Chair of the Committee commented that 28 recommendations with unknown status were still too many (26.7%) and said that this could not go on being accepted and, therefore, needed to be re-examined.

Vanessa Bateman explained that outcomes of internal fraud investigations were outlined in table 5 and paragraph 5.3 of the report (pages 58-59 of the Agenda Pack). She emphasised that the Service was looking into how it could communicate external and internal messages about fraud.

Vanessa Bateman gave an overview of the three different types of fraud which were addressed in the report: internal, housing tenancy and other external fraud, information about which could be found in sections 5, 6, 7 of the Report (pages 58 – 62 of the Agenda Pack). In terms of Housing Tenancy Fraud, she drew the Committee's attention to section six of the report (pages 60-61 of the Agenda pack), stating that fraud managers worked with Brent Housing Partnership (BHP) to prevent and identify fraud. The Chair acknowledged the progress achieved and asked the Service to continue its work as it was on track to achieve its target of 51 cases (26 cases had been identified as fraud since the start of the financial year).

The Committee commented that there had never been a case of fraud involving ZipCar before so ways to prevent it must be looked at.

The Committee acknowledged the Internal Audit 2nd Internal Audit and Counter Fraud Progress Report – 2016/17 (page 63 of the Agenda Pack) and paid special attention to Business Continuity (page 68 of the Agenda Pack). Conrad Hall (Chief Finance Officer) noted that while there were issues associated with Business Continuity (which related to a lack of sufficient details, implementation at a devolved departmental level, and response to non-standard incidents), positive messages (improvement of the implementation of current control) had been recognised and a report had been sent to the Corporate Management Team.

There were no further questions and it was **RESOLVED** that the progress made in delivering the 2016/17 Internal Audit Plan and the associated counter fraud work be noted.

11. **Risk Management Arrangements and Strategic Risk Register Update**

Vanessa Bateman (Interim Head of Audit and Investigation) presented the Council's current Strategic Risk Register and provided an update on an on-going review of Risk Management, the full outcome of which would be available at the next meeting of the Committee. She spoke of a conversation she had had with the Chief Executive, Ms Carolyn Downs, which focused on high risk areas and which concluded that the audit of risk management arrangements was to be reviewed.

Vanessa Bateman explained that risk had been examined at service and directorate level and that the Strategic Risk Register had been updated by risk owners and had been presented for challenge at the Risk Management Group (which consisted of

senior officers across the Council) before being agreed by the Corporate Management Team (CMT). She noted that there was evidence of strong understanding of risk within services and management action to mitigate it but that the formal documentation held to support the process did not always reflect this as robustly and consistently as required.

Vanessa Bateman informed the Committee that she had been tasked with reviewing and challenging the contents of the Risk Management Strategy and she would report back with options to CMT in March before bringing a refreshed Strategy and revised Risk Register to the next Committee.

Members of the Committee commented that risk ownership must be extended to the Cabinet and all Councillors to ensure that residents and officers would be aware that there was a risk register which had been regularly monitored. The Vice-Chair supported this view by stating that the Corporate Risk Register be referred to the Cabinet on a more regular basis.

RESOLVED that:

- (i) The contents of the Risk Management Arrangements and Strategic Risk Register report be noted;
- (ii) The progress and objectives of the planned review also be noted;
- (iii) An update to the Strategic Risk Register be prepared for the next meeting of the Committee in March 2017;
- (iv) The full outcome of the review of Risk Management be reported to the Committee at the next meeting in March 2017.

12. Exclusion of press and public

RESOLVED that the press and public be excluded from the meeting as the following report contains the following category of exempt information as specified in the Local Government Act 1972 namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

13. Review of Shared Service

Peter Gadsdon (Director of Performance, Policy and Partnerships) introduced a report which examined the effectiveness of the current internal audit arrangements which had come into effect in October 2015 following the Council's agreement to enter into a shared arrangement for its internal audit service with the London Boroughs of Ealing and Hounslow in June 2015. The report highlighted successful practices and areas that required improvement.

The Committee heard three options regarding the future of the shared internal audit and investigation arrangements.

A Member of the Committee proposed that the existing agreement be continued for a period of one year.

On a vote being taken by a show of hands, the PROPOSAL was declared **LOST**.

The Committee voted on the recommendation to terminate the existing agreement.

On a vote being taken by a show of hands, the PROPOSAL was declared **CARRIED**.

RESOLVED that:

- (i) The contents of the Review of Shared Audit Service be noted; and
- (ii) To recommend to the General Purposes Committee that the Audit Shared Service Arrangement be terminated.

14. Any Other Urgent Business

None.

15. Date of Next Meeting

The date of the next meeting of the Audit Committee was scheduled to take place on 20 March 2017 at 7 pm.

The meeting closed at 9:35 pm.

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Chair

The meeting closed at 9.35 pm

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Chair