

AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.30pm on 8 March 2012

Present:

Councillor Neil Reddin FCCA (Chairman)
Councillor Simon Fawthrop (Vice-Chairman)
Councillors Nicholas Bennett J.P., Ruth Bennett and
Stephen Wells

81 MR MARK GIBSON

Mr Mark Gibson, formerly the Council's Chief Internal Auditor, had now left the Council, and the Chairman requested that the Sub-Committee's thanks for his services to the borough be placed on record.

82 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Reg Adams.

83 DECLARATIONS OF INTEREST

Councillor Neil Reddin declared a personal interest as he had a child at Warren Road Primary School and his wife was a governor at Hayes Primary School.

During consideration of the Internal Audit Progress Report Councillor Ruth Bennett declared a personal interest as a governor of Princes Plain Primary School and Councillor Simon Fawthrop declared a personal interest as his daughter attended Newstead Wood School.

84 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

85 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 15TH DECEMBER 2011 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meeting held on 15th December 2011 (excluding those containing exempt information) be confirmed.

86 MATTERS OUTSTANDING FROM THE LAST MEETING Report RES11043

The Sub-Committee noted the list of matters outstanding from previous meetings – most issues were covered in other reports on the agenda.

87 EXTERNAL AUDIT REPORTS

The Chairman welcomed Katy Elstrup, Engagement Senior Manager, PricewaterhouseCoopers, to the meeting.

87.1 EXTERNAL AUDIT: CERTIFICATION REPORT 2010/11

The Sub-Committee received the 2010/11 Certification Report from PricewaterhouseCoopers (PWC). The report summarised Certification work on the Council's claims and returns, as required by the Audit Commission. Five claims had been certified, with only one qualification needed. This related to a single housing benefit overpayment; further sampling had been carried out but no other problems had been found.

87.2 EXTERNAL AUDIT: ANNUAL AUDIT PLAN 2011/12

The Sub-Committee considered the External Audit Plan for 2011/12. The Plan identified the key audit risks for the Council of fraud, recognition of income and expenditure and property valuation and set out the proposed auditing approach. The report also covered the audit fees; these had reduced by about £30,000 for 2011/12, and were expected to reduce further in future years.

The Chairman confirmed that preventing fraud was a major priority for Councillors. The Audit Sub-Committee provided oversight and support for fraud investigations and preventative work, risk registers were maintained, Financial Regulations were kept under review, there was mandatory training for managers on fraud and contracts procedures, and the Chairman, Vice-Chairman and other Members were briefed regularly. The Raising Concerns whistle-blowing procedure was a crucial means for staff to identify concerns; the Vice-Chairman suggested that more publicity should be given to the potential for whistleblowers to share their information direct to Councillors if they did not wish to use the formal channels.

Areas of particular concern to Members were fraud relating to blue badges, single person discounts and student exemptions, and areas where democratic oversight was limited, such as schools. Within the Council organisation, the risk seemed to be less about fraud than officers making poor decisions and failing to achieve projected savings. Members reminded Ms Elstrup that they had sought a value for money (VFM) element to external audit work, and enquired whether benchmarking against other authorities could be included.

88 INTERNAL AUDIT PROGRESS REPORT

Report CEO1192

The Sub-Committee considered a summary of recent internal audit activity across the Council and matters arising from the last meeting. The following matters were considered in particular -

- **Audit Activity and Performance** - The new Internal Audit structure of one Head of Audit, two auditors working on sold services to Greenwich and to Academies and four auditors doing Council work would be in place for 1st April. Members took the view that the new Internal Audit arrangements should be allowed to settle in before any further major changes in planned workload were considered. The Head of Audit offered to circulate further details of audit activity to members via email.
- **The Future of Public Audit** - Members were concerned that the proposed new arrangements for appointing external auditors would lead to an additional layer of bureaucracy.
- **Property Charges** - The Head of Audit reported that he had checked the arrangements for deferred payment agreements where a charge was placed against a property, and the system appeared to be sound.

It was noted that the "Auditor of the Year" award would continue.

RESOLVED that the Internal Audit Progress Report be noted, and in particular the achievements of the counter fraud partnership with the London Borough of Greenwich and the effects of the reorganisation of the Internal Audit Service.

(During consideration of this report Councillor Ruth Bennett declared a personal interest as a governor of Princes Plain Primary School and Councillor Simon Fawthrop declared a personal interest as his daughter attended Newstead Wood School.)

89 INTERNAL AUDIT PLAN 2012/13
Report CEO1191

The Sub-Committee received the Internal Audit Plan for 2012/13; this involved a significant reduction in planned audit activity proposed for the year. Members questioned whether sufficient resources could be provided if the need arose to carry out emergency investigations - the Chief Executive had given assurances that additional capacity could be bought in if necessary.

RESOLVED that the Internal Audit Plan for 2012/13 be noted.

**90 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE
LOCAL GOVERNMENT (ACCESS TO INFORMATION)
(VARIATION) ORDER 2006 AND THE FREEDOM OF
INFORMATION ACT 2000**

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**The following summaries
refer to matters
involving exempt information**

**91 EXEMPT MINUTES OF THE MEETING HELD ON 15TH
DECEMBER 2011**

The exempt minutes of the meeting held on 15th December 2011 were confirmed.

**92 INTERNAL AUDIT FRAUD AND INVESTIGATION PROGRESS
REPORT**
Report CE01193

The Sub-Committee considered a report updating them on recent Internal Audit activity on investigations and anti-fraud activity. The report summarised cases of particular interest, covered new areas of investigation and updated Members on the results of the National Fraud Initiative (NFI).

The Meeting ended at 10.16 pm

Chairman