

## **AUDIT SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 6 June 2012

### **Present:**

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

### **Also Present:**

Councillor Peter Fookes

## **1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

All Members were present.

## **2 DECLARATIONS OF INTEREST**

Councillor Reg Adams declared a personal interest as a governor of Churchfields Primary School

Councillor Ruth Bennett declared a personal interest as a governor of Princes Plain Primary School.

Councillor Neil Reddin declared personal interests as he had a child at Warren Road Primary School, his wife was a governor at Hayes Primary School and he was a governor at St Olave's School.

Councillor Stephen Wells declared a personal interest as a governor of Bromley Road Infants and Worsley Bridge Junior Schools.

During consideration of the Annual Audit Report Councillor Simon Fawthrop declared a personal interest as he was the parent of a child at a Bromley school.

## **3 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

No questions had been received.

**4 CONFIRMATION OF THE MINUTES OF THE MEETING HELD  
ON 8TH MARCH 2012 EXCLUDING THOSE CONTAINING  
EXEMPT INFORMATION**

**RESOLVED** that the minutes of the meeting held on 8<sup>th</sup> March 2012 (excluding exempt information) be confirmed.

**5 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS**

Report RES12102

With respect to the issue of the copyright position of the Council logo, it was conformed that although there was no copyright on the logo the Council held the intellectual property rights and could take action if these were infringed.

**RESOLVED** that the report be noted.

**6 FULL BUDGET MONITORING SYSTEM - DEMONSTRATION**

The Committee received a demonstration of the new Full Budget Monitoring System. The system would enable the Council's 65 budget holders to view their current and previous three years budgets online and drill down to individual items of expenditure. They would be required to sign off their budgets each month, referring them up to Assistant Directors, having first run a cumulative spend report. Any issues could then be picked up by Assistant Directors, who would see budgets across their various teams, and Heads of Finance. All budget holders had been trained in the use of the system, and monthly sign-offs would begin in July.

The system would identify when contract limits were reached and reduce risks, although it only presented information and could not prevent payments. Members asked whether spending commitments were included – this was functionality that could possibly be added. Other systems were in place that controlled procurement expenditure – i-proc and the new Due North contracts system, and all officers involved in the authority's finances were receiving mandatory training on financial regulations and the contracts procedure rules. In addition work was being done on a further course on financial regulations for managers and finance staff that would conclude with a test.

**7 ANNUAL AUDIT REPORT**

Report CEO1202

The Sub-Committee received the Annual Audit Report which now, for the first time, also included schools. The report also included the Annual Governance Statement, which would be signed by the Leader and the Chief Executive for publication as part of the statutory accounts. The report covered the performance of the Internal Audit function, the audits undertaken and an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

**RESOLVED that the contents of the report be noted and the Annual Governance Statement be approved.**

During consideration of this report Councillor Simon Fawthrop declared a personal interest as he was the parent of a child at a Bromley school.

## **8 INTERNAL AUDIT PROGRESS REPORT**

Report CEO1201

The Sub-Committee considered a summary of recent internal audit activity across the Council. The following matters were considered in particular –

**Priority One Recommendations: Parking PCNs:** Members noted the difference between waivers and write-offs of PCN debt – in both cases the PCN was correctly issued, but with a waiver the Council was using its discretion to waive the charge whereas with a write-off it was accepting that it was unable to collect the debt. The balance had shifted towards more waivers and fewer write-offs; the Head of Internal Audit confirmed that checks had been made on this and there were genuine reasons for the waivers. The list of reasons for waivers would be circulated.

**Audit Restructure:** The new structure of the Internal Audit Team was noted. Greenwich had advertised for auditors and there was a possibility that they would need less of Bromley's services, or recruit from Bromley's staff.

**Auditor of the Year:** The Sub-Committee considered the two nominations. Although the work carried out by both was highly commended, the Sub-Committee considered that on balance Auditor A's work in the face of limited documentation had been more ground-breaking.

**Financial Regulations:** The Financial Regulations had last been approved in 2009. They had now been updated and reviewed to remove duplications. A version including track changes would be circulated to Members.

**Partnership Working:** In response to a question about the responsible officer role, it was explained that in many academies this had now been taken on by governors or by external companies.

**Value for money (VFM):** It was noted that the Customer Service Centre had scored below average in customer surveys – details would be emailed to the Improvement and Efficiency Team. A Member commented that invest to save projects and sold services usually seemed to be exactly on budget - it was confirmed that an audit would be carried out on invest to save.

**Pupil Referral Unit:** It was confirmed that a follow-up audit would be carried out shortly.

**RESOLVED that**

- (1) The content of the report and the continuing achievements of the counter-fraud partnership with Greenwich be noted.**
- (2) The auditor of the year award be made to Auditor A.**
- (3) The changes to Financial Regulations be approved for submission to General Purposes and Licensing Committee and Council.**

**9 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**

**10 EXEMPT MINUTES OF THE MEETING HELD ON 8TH MARCH 2012**

The exempt minutes of the meeting held on 8<sup>th</sup> March 2012 were confirmed.

**11 ANNUAL INTERNAL AUDIT FRAUD AND INVESTIGATION REPORT**  
Report CEO1203

The Sub-Committee received the annual report on fraud and corruption activity for 2011/12.

**12 INTERNAL AUDIT FRAUD AND INVESTIGATION PROGRESS REPORT**  
Report CEO1204

The Sub-Committee considered a report updating them on recent Internal Audit counter fraud activity.

The Meeting ended at 9.21 pm

Chairman