

## **AUDIT SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 25 June 2015

### **Present:**

Councillor Neil Reddin FCCA (Chairman)  
Councillor Alan Collins (Vice-Chairman)  
Peter Fortune, William Huntington-Thresher, Keith Onslow and  
Angela Wilkins

### **Also Present:**

Luis Remedios and Paul Symonds Head of Internal Audit  
Mark Bowen, Director of Corporate Services  
Paul Symonds, Assistant Director for Transport and Highways

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

Apologies were received from Councillor Ian Dunn, Councillor Angela Wilkins attended as substitute.

Apologies were received from Cllr Stephen Wells.

Cllr Fortune apologised for coming late.

### **2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 1st April 2015 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION**

The public minutes from 1<sup>st</sup> April 2015 were agreed.

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

No questions were received.

### **5 MATTERS ARISING (Part 1)**

Report No: CSD15077

The Committee considered the latest Matters Arising report and noted that all matters had either been resolved, or were in the process of being completed.

**RESOLVED that the Matters Arising report be noted.**

## **6 ANNUAL AUDIT REPORT**

Report CEO 1507

This report was written by the Head of Internal Audit for member information, and was also intended to assist the Council in meeting the financial management and internal control requirements of the Accounts and Audit Regulations 2011.

The Committee heard that control issues highlighted in the audit reports could be grouped under 4 categories:

- Organisational
- Financial
- Operational
- Compliance

Members were directed to the Table on page 9 of the report headed “Recommendations by Category”, and also to the associated Pie Chart on page 10 of the report that showed the same data. The Committee noted that the main audit recommendations for 2014-15 were:

1. Supervisory and Monitoring recommendations—24%
2. None or obsolete procedures recommendations—15%
3. Recommendations relating to lack of supporting documents—9%
4. Breach of Financial Regulations or Procedures--9%

The Head of Audit then referred Members to Appendix A which detailed a summary of progress and all other audit activity from 1<sup>st</sup> April 2014 to 23<sup>rd</sup> March 2015. He felt that good progress had been made.

Members were directed to Appendix C which was the Draft Annual Governance Statement. Members were asked to consider and approve this Statement.

**RESOLVED:**

**(1) that the Annual Audit Report be noted**

**(2) that the Draft Annual Governance Statement be approved**

## **7 INTERNAL AUDIT PROGRESS REPORT**

Report Number CEO 1508

Members were referred to the Priority 1 update report (Appendix A). The Head of Internal Audit felt that there was now light at the end of the tunnel, and that good progress was being made. He was confident that by November 2015, most recommendations would be implemented. The Head of Internal Audit updated the Committee as follows:

### Leaving Care:

A dedicated officer had now been appointed, and this would aid in the implementation of recommendations.

### Looked after Children:

Some progress had been made in this area although it was the case that two priority one recommendations still remained. Management were making concerted efforts to implement all the required recommendations. Recovery issues in this case were difficult and now sat with Liberata.

### Family Placements

The Head of Audit mentioned that following the nil assurance opinion, the progress made to implement the 8 priority one recommendations was slow with 6 still considered to be outstanding. The officer tasked with implementing these recommendations had recently left the Authority and this may have hampered progress. Management are aware of the need to progress implementation.

### Building Maintenance:

After conducting follow ups and sample testing, Internal Audit were now happy that the required improvements had been made, and that Building Maintenance could now be removed from the Priority 1 list.

### Creditors:

The Priority 1 issue in relation to raising retrospective orders was still outstanding. The matter was referred to Directors Group and it was agreed that the position would be addressed.

### Rent Arrears:

This was still on the Priority 1 list as the level of rent arrears was still high. Much of the arrears were historical and some would need to be written off. An ongoing audit was taking place, and an update would be provided at the next meeting.

### Essential Car Users:

Three Priority 1 issues were outstanding. The ECU criteria was being reviewed by management. The scheme was being phased out over the next two years. Audit had advised that there were now 7 staff members that had been in receipt of the allowance, even though they were not doing any mileage. This will be reviewed by management. An email would be sent to advise managers that the relevant checks need to be conducted on driving licenses and business insurance.

The Committee were briefed that RB Greenwich had recently had a system put in place that could check the status of driving licences straight away. It was agreed that the Head of Audit would speak with the Transport Manager at RB Greenwich to get some more information concerning the system, and to see if this was a system that LBB could also use.

#### Domiliary Care:

The Head of Audit stated that as a result of an audit two priority one recommendations were made in respect of service arrangements closed on incorrect dates or not closed; and in respect of Extra Care Housing where actual hours delivered were different to planned hours for clients.

The list of 12 Internal Audit reports publicised on the web was highlighted to Members.

The Committee then turned their attention to page 11 of the report (Section 3.32) concerning the nomination for "Auditor of the Year". It was disclosed that this award was going to Mr James Newell for his solid audit work throughout the year. A Member enquired what the reward was for attaining this title. The response was that it had to do with the honour of attaining the award, rather than anything else. It was however the case that there would be an award ceremony with the Mayor, plus the award of the "Tickner Cup". The Committee felt it would be appropriate for an expression of thanks to James be conveyed to him from the Audit Sub Committee.

The Committee were reminded that all new cases of Housing Benefit Fraud would be referred to the DWP's Single Fraud Integrated Service as from the 1st July 2015. RB Greenwich would only conclude cases where a summons had been issued prior to transfer. Transfers to SFIS would be recorded, and Internal Audit would request periodic updates from the DWP.

It was noted that Zurich Municipal had been tasked to undertake a Public Health Risk and Insurance Review concerning Public Health related risks. The draft document had gone to the Director of Public Health for scrutiny. The work on developing the Risk Road Map was currently being undertaken by Zurich.

**RESOLVED:**

- (1) that the Internal Audit Progress Report be noted**
- (2) the list of Internal Audit Reports publicised on the Web be noted**
- (3) that the nomination for Auditor of the Year be noted**
- (4) that the benefits of the counter fraud partnership with RB Greenwich and impending changes be noted**
- (5) that the arrangements around risk management be noted**
- (6) that the Head of Audit contact RB Greenwich to find out more about the system in use for checking driving license details with DVLA**
- (7) that an expression of thanks be conveyed from the Audit Committee to James Newell for his solid audit work**

**8 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 listed below as it was 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.

**9 EXEMPT MINUTES OF THE MEETING HELD ON 1st April 2015**

The exempt minutes of the meeting held on the 1<sup>st</sup> April 2015 were noted and agreed.

**10 MATTERS ARISING (Part 2)**

Report CSD 15078

The part two-private Matters Arising report was noted.

**11 INTERNAL AUDIT FRAUD & INVESTIGATION REPORT**

Report CEO 1509

This report was written by the Head of Internal Audit to inform Members of recent internal audit activity on fraud and investigations across the Council, and provided updates on matters arising from previous Audit Sub Committee meetings.

The full minutes of this item will be detailed in the part two minutes.

## **12 ANNUAL FRAUD REPORT**

Report CEO 1506

The report informed Members of all fraud and investigation activity for 2014/15. It summarised all the allegations of fraud that had been received, investigations of matters not fraud related but breach of financial regulations/procedures, results of our housing benefit partnership with the Royal Borough of Greenwich and findings from the National Fraud Initiative (NFI) data match exercise. The report also made reference to other matters such as major investigations, individual cases of interest and a summary of the fraud register.

The minutes relating to this part two report are detailed in the part two minutes.

The Meeting ended at 8.45 pm

Chairman