

AUDIT SUB-COMMITTEE

Minutes of the meeting held on 16 September 2010

Present:

Councillor Michael Tickner (Chairman)
Councillor Lydia Buttinger (Vice-Chairman)
Councillors Councillor Reg Adams, Councillor Nicholas Bennett J.P., , Councillor Simon Fawthrop, Councillor Julian Grainger and Councillor Stephen Wells

13 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

14 DECLARATIONS OF INTEREST

Councillors Nicholas Bennett, Julian Grainger and Stephen Wells declared personal interests in relation to the Local Government Pension Scheme and as local authority appointed school governors. Councillor Bennett declared in particular his membership of the governing body of Langley Park School for Girls.

During consideration of the Internal Audit Progress Report, in relation to Debtors, Councillor Simon Fawthrop declared a personal interest as the employee of a utilities company.

15 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 10TH JUNE 2010 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meeting on 10th June 2010 be confirmed.

16 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

17 MATTERS OUTSTANDING FROM THE LAST MEETING

The following outstanding matters were discussed –

(a) Officers' Expenses (Minute 5 (a), 10th June 2010)

Members requested that a note be circulated on costs and numbers for each of the entitlements.

(b) Transition Team (Minute 45, 23rd March 2010)

The Committee discussed how other Committees could be made more aware of this Sub-Committee's concerns when matters were referred to them. As well as making reference reports more detailed and specific, it was suggested that the Chairman or Internal Audit staff could attend the meeting to assist with the report.

(c) Children's Centres (Minute 7, 16th June 2010)

The suggestion of a working group on Children's Centres had been raised with the Children and Young People PDS Committee; the Committee had decided not to set up a working group, but it would be receiving a full report at its next meeting on 19th October.

18 PRESENTATION BY THE CHAIRMAN

The Chairman made a presentation of a bouquet of flowers to Hilary Hudson, Head of Student Welfare, Children and Young People Services, whose vigilance had sparked an investigation which led to the uncovering of the fraudulent activities of an asylum seeker who had illegally claimed more than £700,000 in benefits. The fraud had initially come to light following an application for a student loan.

The Sub-Committee were informed that, as the administration of student finance was transferring from local authorities to Student England in March, there was a concern that the local knowledge and expertise that had led to these offences being discovered would be lost. Members also commented that more should be done to raise awareness of fraud issues amongst key staff groups.

RESOLVED that

(1) the Sub-Committee's thanks to Hilary Hudson be recorded.

(2) The Chairman write to the Secretary of State and Student England to raise the Sub-Committee's concerns about the increased risk of such frauds going undetected in future.

19 INTERNAL AUDIT PROGRESS REPORT
Report DR 10080

The Sub-Committee considered a report updating them on recent internal audit activity across the Council. The report included an update on matters outstanding from the last meeting and information on implementing previous priority one recommendations. The following matters were raised in particular.

(a) Use of Cash Payments across the Council

Members received an update on the programme to reduce cash usage across the Council. An additional sheet was tabled showing petty cash and purchasing card usage by month combined into one graph.

RESOLVED that a further progress report be submitted, and the Head of Corporate Procurement be requested to attend the meeting.

(b) Debtors

The Sub-Committee was informed that the debt recovery rate was 96% by value to 13th September 2010. Officers were seeking to recover the debt and minimise write-offs. Much of the outstanding debt related to utility works, and in particular to Thames Water. An arbitration process was in place for these debts.

Outstanding debts were submitted to Executive and Resources PDS Committee through the regular Exchequer Services contract monitoring report, and it was proposed that further information be provided in the next report and copied to this Sub-Committee. Councillor Julian Grainger requested additional details about the outstanding debts, and these would be provided to him.

(Councillor Simon Fawthrop declared a personal interest during consideration of this item as he was employed by a utilities company.)

RESOLVED that further information be supplied in the report to Executive and Resources PDS Committee and copied to this Sub-Committee.

(c) Annual Audit Report

The Annual Audit report had been amended in line with the Committee's suggestions at the last meeting, and one further change was suggested.

RESOLVED that the word "ascertaining" in the third bullet point in section 3, Objectives of Internal Audit, in the Internal Audit Terms of reference be replaced with the word "evaluating".

(d) Previous Priority One Recommendations

The sub-Committee noted the latest list of outstanding priority one recommendations. It was suggested that the report could in future highlight recommendations where there was a particular risk of fraud.

(e) Progress and new issues since the last meeting

Officers were hoping to streamline the targets.

(f) FMSiS Assessment of Secondary School

The Sub-Committee were updated on two priority one recommendations relating to a secondary school. Members emphasised the importance of Internal Audit reports being considered by the full governing body, and local authority governors being briefed where necessary so that they could represent the views of the Council effectively.

RESOLVED that the Children and Young People PDS Committee be requested to ensure that all Internal Audit reports are considered at a full meeting of the school's governing body.

(g) Housing Benefit Update

Brendan Costello, Head of Internal Audit and anti-fraud at the London Borough of Greenwich, attended the meeting and reported on the successful work of the anti-fraud partnership between Bromley and Greenwich. He explained that three sanctions were available where housing benefit fraud was uncovered – prosecution, formal caution and administrative penalty (the latter two did not result in a criminal record, but the offence would be listed on council and Department of Work and Pensions registers.) It was confirmed that press releases were issued for every successful prosecution.

RESOLVED that a further update be submitted to the next meeting.

(h) Waivers

The Sub-Committee examined the waivers of the Contract Procedure Rules set out in Appendix P. Members commented that these waivers should be scrutinised by PDS Councillors, and it was also suggested that more information should be provided in the “reason” column in the appendix.

(i) Benchmarking

The Sub-Committee noted the outcome of a recent Cipfa benchmarking exercise which showed that Bromley's costs compared very favourably with other boroughs across London.

(j) Partnership Working

Officers reported that they were looking to extend the successful partnership with Greenwich. Members considered that partnership working should be explored more widely and it was suggested that this issue should be referred to the Executive for consideration.

RESOLVED that the Executive be requested to examine the possibilities for further joint working with other authorities.

(k) Audit Commission

The full implications of the Government's decision to abolish the audit commission were not yet known, but it was stated that Councils would be able to appoint their own external auditors from 2012/13 onwards.

(l) Risk Management

A one page "Instant Guide to Risk Management" had been developed by the Council's Risk manager and was set out at appendix V. The Sub-Committee welcomed this document and asked that the author be thanked.

RESOLVED that the one page guide to risk management be commended and offered to other Councils.

20 INTERNAL AUDIT AND VALUE FOR MONEY REPORTING Report DR10076

The Sub-Committee had received reports on Value for Money (VfM) reporting at its previous meetings on 23rd March and 10th June 2010, and had called for these to be referred to the Improvement and Efficiency Sub-Committee. The Sub-Committee received a further update covering the work carried out in two pilot areas (Building Control and Homecare), benchmarking sites, the practicality of using this data and referral to the Organisational Improvement Team.

The report suggested a number of ways that VfM could be achieved; these were listed at paragraph 3.6, and Members proposed that a further point could be added to this list – asking fundamental questions, and seeking radically different ways of providing services. The Sub-Committee emphasised the importance of enabling managers to review their services; Internal Audit would be working with the Organisational Improvement Team to ensure that guidance would be available for this.

RESOLVED that

(1) The report on Internal Audit's VfM approach to the case studies be noted and the suggested methodology to be adopted be agreed, including the scoring rating and the referral process to the Organisational Improvement Team.

(2) It is noted that Internal Audit are currently reviewing the wider remit issues around VFM work and will report back as appropriate.

(3) The reporting requirements to this Sub-Committee on VfM work undertaken for audits completed be agreed.

(4) The VfM control matrix be amended with the addition of a row for the name or source of the benchmark.

(5) The pilot VfM work on Building Control be referred to the Development Control Committee and the Renewal and Recreation Committee for consideration.

(6) The pilot VfM work on Home Care be referred to the Adult and Community PDS Committee for consideration.

21 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 in the following Minutes 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.

22 EXEMPT MINUTES OF THE MEETING HELD ON 10TH JUNE 2010

The exempt minutes of the meeting held on 10th June 2010 were confirmed.

23 INTERNAL AUDIT FRAUD AND INVESTIGATION PROGRESS REPORT
Report DR10087

The Sub-Committee considered details of recent internal audit activity across the Council and updates on matters raised at the previous meeting.

24 ANNUAL INTERNAL AUDIT FRAUD AND INVESTIGATION PROGRESS REPORT
Report DR10075

The Sub-Committee received a report on anti-fraud activity for 2009/10.

The Meeting ended at 11.00 pm

Chairman