

## **AUDIT SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 14 November 2012

### **Present:**

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

### **Also Present:**

Councillor Peter Fookes

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

An apology for absence was received from Cllr. Will Harmer.

### **14 DECLARATIONS OF INTEREST**

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

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

Cllr. Peter Fookes declared a personal interest as a governor, since 2011, of the Royston Primary School.

Cllr. Reddin declared a personal interest 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.

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

No questions had been received.

### **16 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 6TH JUNE 2012, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION**

**RESOLVED** that the minutes of the meeting held on 6<sup>th</sup> June 2012 (excluding exempt information) be confirmed.

**17            MATTERS ARISING**  
Report RES12186

Members considered a report on progress with matters arising from the previous meetings including three matters from the last meeting of the Sub-Committee. The Chairman advised that all three actions on the appendix to the report had been completed.

**RESOLVED that the report be noted.**

**18            ANNUAL AUDIT LETTER 2011/12**

The Sub-Committee received the Annual Audit Letter which provided a high level summary of the results of the 2011/12 audit work that had been undertaken. The Sub-Committee noted that the General Purposes and Licensing Committee had also considered the Annual Audit Letter.

**RESOLVED that the report be noted.**

**19            INTERNAL AUDIT PROGRESS REPORT**  
Report CE0 1208

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

**Social Care Payments** – The Head of Audit advised that he had nothing to add to this matter and it had been treated as a normal audit. However he was not sure that the list being investigated was exhaustive and he undertook to ensure that there had been no further over-payments. A decision had been made that the new Executive Director of Education and Care Services would be involved in progressing this matter to a satisfactory conclusion.

Following a question from a Member the Head of Audit undertook to check if the Christmas grant payment had been recovered.

**Direct Payments** – This recommendation was primarily in respect of a lack of monitoring information, mainly in the area of Children and Young People, that had not been received from clients in receipt of direct payments. The Deputy Director of Finance confirmed that controls had been put in place and returns of direct payments had to be made within 4 weeks. The CareFirst system was monitoring the repayment and direct payments would automatically be stopped if the excess payment had not been recovered.

**Emergency Accommodation and Rent Arrears** – The Head of Audit reported that there were still some problems with arrears. However the personal charge element had now been resolved and was being charged back to the service.

**Primary School** – It was noted that there had been poor record keeping at the school in question and the school had been notified of this weakness.

Audit Activity – In relation to academies, the Head of Audit reported that a total of twelve academies (primary and secondary schools) had requested the services of the Council as responsible officers. It was noted that new requirements on academies required that the responsible officer could only be a non-paying Governor of the Academy Trust.

Housing Benefit Update – The Head of Audit advised that the Single Fraud Integrated Service (SFIS) timetable process had been delayed until April 2014.

Future of Public Audit – The report advised that following a decision to disband the Audit Commission, the draft Bill set out the Government's vision for a new local audit framework where bodies would be able to appointment their own auditors from an open and competitive market, on the advice of an independent auditor panel.

Appendix E (page 40) – The Head of Audit advised that the drop in numbers of cases was a distortion caused by NFI.

Appendix B – Waivers – Following a question about the entry for Special Educational Needs and Disability Services a waiver of £247,014 for therapy provision within schools, the Portfolio Holder for Education explained that this was due to the contract being extended for one year.

In relation to an Renewal and Recreation entry for Health and Safety (£870,000) for occupational health services, the Finance Director advised that this was Section 106 monies which the Council had 5 years to spend. This was a way of retaining the monies with the Council and the spend would be subject to the Council's conditions being met.

Cumulative Spend—The Head of Audit advised that, following a request from the Finance Director to audit the cumulative spend report, this audit had been completed. Internal Audit had examined any expenditure with a three year cumulative spend of £200k to verify if there were supporting contracts, SLAs or waivers. The Internal Audit report concluded that there were a number of cases that needed to be examined further by management in ECS and Procurement.

**RESOLVED that:**

- (a) the report be noted;**
- (b) the Priority One Recommendations be noted;**
- (c) waivers issued over the period February 2012 to September 2012 be noted;**
- (d) the continuing achievements of the counter fraud benefit partnership with the London Borough of Bromley be noted; and**
- (e) the cumulative spend exercise outcome be noted.**

**20 OFFICE ACCOMMODATION STRATEGY**  
Report RES12187

At a meeting of the Executive held on 12<sup>th</sup> September 2012 a report was considered on the refurbishment of the North Block requesting a supplementary capital allocation of £400,000 to ensure successful completion of the project. The report had been scrutinised by the Executive and Resources Policy Development and Scrutiny Committee on 6<sup>th</sup> September 2012.

The Head of Internal Audit reported that there were lessons to be learned from the overspend on this capital project. The report listed a number of failings from lack of effective project management, reporting requirements not adhered to, the budget being wrong from the start of the tender process. The budget had been set and the responses to the tender process had quoted amounts far above the budget allocation. This should have been addressed at the time. Five tenders had been accepted that had been difficult to monitor and had not been managed in a cohesive and efficient way and suppliers had not been working in unison which caused delays in the project.

The Director of Renewal and Recreation admitted that there had been lessons to be learned from this project. He advised that new protocols had been introduced which included assigning a lead officer with the correct skills set and training to manage a project, a detailed breakdown of the cost of a project before agreeing any contracts, no splitting of contracts without the agreement of the Director and the Portfolio Holder and tender outcomes to be reported to the Renewal and Recreation PDS Committee. There would also be quarterly reports to the Executive and the Departmental Management Team. He felt that the Department must tighten up on what had caused the failures in this project.

Many of the Sub-Committee reported that they had not had confidence in the lead officer for this project. Also, many basic issues had been forgotten in the planning of the project such as paying for furniture disposal and archiving. The question was asked whether the Council had the skills to manage this kind of project or should the Council employ specialist consultants.

In response to a question from a Member, the Director of Renewal and Recreation responded that a significant amount of old furniture had been used in the project together with new furniture. In hindsight, the Director admitted that the officer should have been monitored more closely and the officer's previous experience had not been scrutinised before the task was allocated to him.

**RESOLVED that the report be noted.**

**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 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.

**22 EXEMPT MINUTES OF THE MEETING HELD ON 6TH JUNE 2012**

The Exempt minutes of the meeting held on 6<sup>th</sup> June 2012 were confirmed.

**23 INTERNAL AUDIT FRAUD AND INVESTIGATION PROGRESS REPORT**

The Sub-Committee received the Internal Audit Fraud and Investigation Progress report.

**24 COMPROMISE AGREEMENTS**

A report was tabled with properly redacted details of compromise agreements.

The Meeting ended at 11.30 pm

Chairman