

## **AUDIT SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 6 June 2013

### **Present:**

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

### **Also Present:**

Councillor Peter Fookes

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

There were no apologies for absence.

#### **39 DECLARATIONS OF INTEREST**

Councillor Neil Reddin declared an interest as a governor of St Olave's School and as the parent of a child at Warren Road Primary School.

Councillor Reg Adams declared an interest as a governor of Churchfields and Stewart Fleming Primary Schools.

Councillor Simon Fawthrop declared an interest as the parent of a child at a Bromley school.

Councillor Julian Grainger declared an interest as a Governor at St Olave's School and Chelsfield Primary School.

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

No questions had been received.

#### **41 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 13TH MARCH 2013 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION**

**RESOLVED** that the minutes of the meeting held on 13<sup>th</sup> March 2013 (excluding exempt information) be confirmed.

**42           MATTERS OUTSTANDING FROM THE LAST MEETING**  
Report RES13094

The Sub-Committee received a summary of matters arising from previous meetings and considered the following matters in particular -

- In relation to minute 33 (13<sup>th</sup> March 2013) the Head of Audit would follow up Members' comments that the Risk Register did not do enough to put financial values against risks.
- In relation to minute 34 (13<sup>th</sup> March 2013), it was noted that the audit of IT procurement would be focussing on hardware partly as a result of the issues concerning the former Design Studio.
- A note had been circulated on the principles around the disclosure of Audit Reports and other sensitive information. This would be considered by the Executive and Resources PDS Committee at its next meeting.
- The Sub-Committee also agreed that future meetings would start at 7.30pm.

**43           ANNUAL AUDIT REPORT**  
Report CEO1220

The Sub-Committee received the annual report of audit activity, including schools, for 2012/13. This included highlights of the performance of the Internal Audit Team, a summary of the audits undertaken and an assessment of the overall effectiveness of the Council's internal control environment. A separate annual fraud report was included on the part 2 agenda. The report also included the draft Annual Governance Statement.

The Chairman noted that for 2011/12 and 2012/13 there had been a decline in the percentage of recommendations in Internal Audit reports relating to lack of supporting documents compared to 2010/11.

The Head of Audit confirmed that, due to the amount of additional investigation and fraud work carried out (the total figure, to be inserted on page 5 of the report, was 286 days), it had been necessary to use Deloitte auditors through the framework agreement with LB Croydon. The costs were comparable to using in-house auditors; quality had been mixed, depending on the staff provided. The possibility of utilising services provided by LB Wandsworth was being considered.

Councillor Stephen Wells requested that a summary of audit issues be circulated to Chairmen of Governors so that schools-related issues were picked up.

Councillor Julian Grainger commented that value for money (VFM) was not specifically included in the summary at paragraph 3.2 of the report – the

Chairman confirmed that VFM was included in the Internal Audit Charter. Councillor Grainger also objected to the reference in the Annual Governance Statement to Member and Officer roles being defined in the Constitution as the Scheme of Delegation to Officers had a number of delegations that were described as being both executive and non-executive. The Sub-Committee noted this objection.

Members discussed the recommendations about car parking and penalty charge notices in Appendix 1 to the report, and the difference between PCNs being waived or written off. It was explained that there was discretion for PCNs to be waived where there was an error or uncertainty in the process or circumstances, whereas write-offs were for legitimately issued PCNs where the Council could no longer expect to receive payment. Members commented that the Council was right to take a reasonable approach to motorists, and a Member suggested that charging for disabled parking bays should be examined.

**RESOLVED that the Annual Audit Report for 2012/13 be noted and the draft Annual Governance Statement be approved.**

#### **44 INTERNAL AUDIT PROGRESS REPORT** Report CEO1221

The Sub-Committee received a summary of recent internal audit activity and commented as follows.

**(a) Audit Activity** - Two major audits were planned for public health on payments and contracts and commissioning – funding had been transferred to provide 40 audit days.

**(b) Auditor of the Year** - The Sub-Committee were impressed with the quality of audit work carried out by both nominees, but decided to award the title of Auditor of the Year to Auditor A. A small presentation ceremony would be held with the Mayor.

**(c) Future of Audit Committees** - The Chairman reported that he had drafted a letter to go to the Department for Communities and Local Government (DCLG), but before it was sent a commitment had been made that Audit Committees would not have to contain independent members except when appointing external auditors. This was not necessary for Bromley until 2017. The Sub-Committee suggested that this issue be considered by the Constitution Improvement Working Group, and that the Chairman should still write to the DCLG setting out Bromley's position.

**(d) Internal Audit Charter (Appendix B)** - It was agreed that the reference to value for money on the second page be given greater prominence in the document.

**(e) Code of Corporate Governance (Appendix C)** - It was agreed that in Core Principle 1: 3 the second section be amended to read "Will consider

measuring the sustainability and environmental impact of policies...” The Chairman asked officers to ensure that advantage was taken of the CIPFA benchmarking club.

**(f) Raising Concerns (Whistle-Blowing Policy) (Appendix I)** - The Sub-Committee agreed that the Vice-Chairman should be added to the document as a potential contact and that Councillors should be mentioned in the Policy.

**RESOLVED that**

**(1) The report be noted, with the comments set out above.**

**(2) That Auditor A be given the Auditor of the Year award.**

**(3) The Internal Audit Charter be approved, subject to giving greater prominence to value for money in the document.**

**(4) The Revised Code of Corporate Governance be approved and recommended for adoption by Council, subject to the change outlined above.**

**(5) The continuing achievements of the counter fraud partnership with the Royal Borough of Greenwich be noted.**

**(6) The revised Whistleblowing Policy be recommended to General Purposes and Licensing Committee for approval, subject to the addition of Councillors to the document and the inclusion of the Vice-Chairman’s name as set out above.**

**45 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**

**46 EXEMPT MINUTES OF THE MEETING HELD ON 13TH MARCH 2013**

The Sub-Committee approved the exempt minutes of the meeting held on 13<sup>th</sup> March 2013.

**47 ANNUAL INTERNAL AUDIT FRAUD REPORT**

The Sub-Committee received the annual Internal Audit Fraud and Investigations report.

**48 INTERNAL AUDIT FRAUD & INVESTIGATION REPORT**

The Sub-Committee considered a report updating them on progress with fraud and investigation work.

The Meeting ended at 9.42 pm

Chairman