

AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.30 pm on 7 June 2011

Present:

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

Also Present:

Councillor Peter Fookes

50 DECLARATIONS OF INTEREST

Councillor Ruth Bennett declared an interest as a governor of the Princes Plain Primary School and as an employee of a local Member of Parliament.

Councillor Nicholas Bennett, Neil Reddin and Councillor Stephen Wells declared an interest as members of the Local Government Pension Scheme.

Councillor Simon Fawthrop declared a personal interest in relation to Disaster Recovery as an employee of BT and that he had a child who attended a school in the Borough.

Councillor Reddin declared an interest as a non LEA governor of St. Olave's and St. Saviour's Grammar School, his wife was a governor of Hayes Primary School and his son would shortly be attending Warren Road Primary School.

51 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

An apology for absence was received from Councillor Reg Adams.

52 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 16TH MARCH 2011 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes (excluding those containing exempt information) of the meeting held on 16th March 2011 be confirmed.

53 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions were received.

**54 MATTERS OUTSTANDING FROM THE LAST MEETING Report
LDCS11041**

Councillors were advised of matters outstanding from previous meetings and the progress made.

It was noted that items on Appendix 1 of the report marked “complete” would be removed from the report unless Members stated a reason for that item to remain.

RESOLVED that progress with matters outstanding from previous meetings be noted.

55 INTERNAL AUDIT PROGRESS REPORT Report CEO1174

The report advised of the recent audit activity across the Council and provided updates on matters arising from the last meeting of the Sub-Committee held on 16th March 2011.

(a) Value for Money (VfM)

The Sub-Committee was informed that the control matrix for VfM arrangements had been refined and a list of audits where this methodology could be adopted in the 2011/12 audit plan had also been identified.

(b) Out of Hours Security

The Chief Internal Auditor advised that, although security had been lax in the past, security had been much improved since the introduction of the new security card system. It was still the responsibility of managers to inform the appropriate officer when a member of staff left the employment of the Council. This would enable the security card to be cancelled. The Principal Auditor added that all cards would now be cancelled one month after an individual had left the organisation.

(c) Housing Benefit Future Proposals

It was noted that the threat to the Greenwich Fraud partnership as a result of Government proposals for an integrated fraud service would have resource implications for the Council. The former Chairman of the Sub-Committee had written to the appropriate Government Minister expressing the Sub-Committee’s concerns. The response received had not addressed those concerns. It was felt that a centralised fraud unit would not have the local knowledge or interest that the current arrangements had.

RESOLVED that the original letter from the former Chairman of the Audit Sub-Committee commenting on the Government's proposal for a centralised fraud unit together with the response to that letter be circulated to Bromley Members of Parliament.

- (d) Audit Sub-Committee Terms of Reference and New Government Proposals / Structure of Audit Committees/ Independent Members of the Committee

In relation to the Government's proposal that chairmen of audit committees should be independent of the local public body, the Sub-Committee disagreed and commented that this appeared to ignore the existing democratic overview provided by elected Members and that the Government had misunderstood the role of Councillors. It was acknowledged that there was an argument to have an independent chair of an audit committee as some local authorities were too "cosy". However this was not the case in Bromley. Councillor agreed that independent members on the Audit Sub-Committee would be a reasonable way forward but those members should not become chairmen.

The Chief Internal Auditor advised that the deadline for response to the proposals was 30th June 2011 and he asked the Sub-Committee if they were agreeable to him responding on behalf of the Sub-Committee in consultation with the Chairman and Vice-Chairman.

RESOLVED that the Chief Internal Auditor, in consultation with the Chairman and Vice-Chairman of the Audit Sub-Committee, respond on behalf of the Audit Sub-Committee to the Government's paper regarding audit committees.

With regard to the proposed terms of reference for the Council's Audit Sub-Committee, the Vice-Chairman suggested that they be kept simple. The Chief Internal Auditor advised that the bullet points listed in paragraph 3.28 of the report were current best practice. Members agreed that there was scope to include some of the best practice information. It was suggested that the Chief Internal Auditor work in consultation with the Chairman and Vice-Chairman to produce terms of reference for the Audit Sub-Committee that would then be submitted to the General Purposes and Licensing Committee for approval and to Council for endorsement.

RESOLVED that the Chief Internal Auditor, in consultation with the Chairman and Vice-Chairman of the Audit Sub-Committee, produce terms of reference for the Audit Sub-Committee that are simple and include the relevant best practice information that would then be submitted to the General Purposes and Licensing Committee for approval and then onto Council for endorsement.

- (e) Head of Internal Audit in Public Service Statement from CIPFA

The Chief Internal Auditor advised that the statement included information in relation to the role of the Chief Internal Auditor. Members noted that the Chief Internal Auditor and the Audit Division would also be subject to a peer review.

(f) Appendix A

Members noted that the CCTV item would remain on the report as some of the Priority One recommendations had not yet been implemented. It was suggested that if Priority One recommendations had not been implemented within two meeting cycles of the Audit Sub-Committee (six months) then the responsible officer should attend the next meeting of the Sub-Committee to account for the non-implementation.

In relation to duplicate payments at a primary school, the report advised that the payments would be balanced by the end of May 2011. Officers were asked if this had been achieved and the Deputy Chief Internal Auditor agreed to inform the Sub-Committee of progress.

(g) Appendix C

It was noted that the number of administrative penalties had fallen. Members were advised that such penalties were notoriously difficult to collect and could only be collected when the overpayment had been completely paid.

(h) Appendix E

The Chairman suggested that a value should be put against all risks on the risk register where possible.

RESOLVED that:

- (a) **the report be noted; and**
- (b) **the continuing achievements of the counter fraud benefit partnership with Greenwich Council be noted.**

56 INTERNAL AUDIT ANNUAL REPORT 2010/11 Report CEO1175

This report was for Member information and was also intended to assist the Council in meeting the accountability requirements of the Accounts and Audit Regulations. Part of the overall arrangements required the Chief Executive and the Leader to sign an annual governance statement. This would be put before Members along side the statutory accounts. Included in the report were highlights of the performance of the Internal Audit function, a summary of the audits undertaken and an opinion on the overall adequacy and effectiveness of the organisation's internal control environment based on this work and the Annual Governance Statement.

RESOLVED that:

- (a) **the report be noted; and**
- (b) **the Draft Annual Governance Statement be approved.**

57 ANNUAL SCHOOLS AUDIT REPORT 2010/11 Report CEO1173

The report provided a summary of work carried out by the Authority's Internal Audit Team relating to all Primary, Secondary and Special Schools and Colleges for the period April 2010 to March 2011. The Chairman commented that next year's report would be much thinner due to schools converting to academy status.

Following a question regarding the progress of completion of exit audits for schools converting to academy status, the Deputy Chief Internal Auditor replied that good progress had been made and a number had been completed. Members queried Appendix D, titled Secondary School assisted Audits, in particular reference to recommendations made under primary accounting records. Councillor Wells had asked what primary accounting records this related to and officers undertook to analyse this.

RESOLVED that the report be noted.

58 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

59 CONFIRMATION OF THE EXEMPT MINUTES OF THE MEETING OF THE SUB-COMMITTEE HELD ON 16TH MARCH 2011

RESOLVED that the exempt minutes of the meeting held on 16th March 2011 be confirmed.

60 INTERNAL AUDIT FRAUD AND INVESTIGATION PROGRESS REPORT Report CEO1176

The Sub-Committee considered a report informing Members of recent Internal Audit activity on investigations across the Council and providing an update on matters arising since the last meeting of the Audit Sub-Committee. The report detailed new areas investigated, expended on cases of interest, detailed the cases on the fraud register and provided a further update on the results of the National Fraud Initiative (NFI).

The Meeting ended at 9.57 pm

Chairman