### <u>Minutes</u>

Audit Committee Tuesday 16 December 2014 Meeting held at Committee Room 3- Civic Centre, High Street, Uxbridge UB8 1UW



	Independent Member: Rajiv Vyas (Chairman).			
	Members Present: Councillors George Cooper, Tony Eginton, Richard Lewis and Susan O'Brid			
	Officers Present: Garry Coote (Corporate Fraud Investigation Manager), Dan Kennedy (Head of Performance and Improvement), Sarah Hydrie (Assistant Internal Audit Manager), Sian Kunert (Chief Accountant), Muir Laurie (Head of Internal Aud Nancy Le Roux (Deputy Director of Strategic Finance), Paul Whaymand (Corporate Director of Finance) and Khalid Ahmed (Democratic Services Manager).			
	Others Present: Heather Bygrave and Jonathan Gooding (External Auditors - Deloitte).			
24.	DECLARATIONS OF INTEREST			
	Councillor Cooper declared a Non-Pecuniary Interest in Agenda Item 6 - Corporate Fraud Investigation Progress Report because one of the prosecutio detailed in the report related to a Constituent who he knew as a resident. He remained in the room and took part in discussions on the item.			
	Councillor Eginton declared a Non-Pecuniary Interest in Agenda Item 5 Deloitte - 2014/15 Annual Audit Plan because he was a deferred Member of th Local Government Pension Scheme. He remained in the room and took part i discussions on the item.			
25.	MINUTES OF THE MEETINGS HELD ON 23 SEPTEMBER 2014			
	Agreed as an accurate record.			
26.	EXCLUSION OF THE PRESS AND PUBLIC			
	It was agreed that all the items on the Agenda be considered in public with the exception of Agenda Item 11 - Risk Management.			
27.	DELOITTE - 2014/15 ANNUAL AUDIT PLAN			
	Consideration was given to a report which set out the initial plans for the 2014/15 audit by Deloitte.			
	The Committee was provided with the key developments for			

the audit and was informed that the expected level of materiality calculated on the basis of gross expenditure for the full year would be £10.1m.

**Action By:** 

The significant audit risks were identified and the main areas on which specific audit work would focus would be

- Recognition of grant income
- Recording of capital spend
- Management override of key controls
- Upgrade of Oracle financial system

Reference was made to the scope of the work and approach which included six key areas:

- Financial Statements
- Annual Governance Statement
- Value for Money conclusion
- Assurance report on the Whole Government Accounts return
- Pensions Audit
- Grants

Discussion took place on Risk Management and reference was made to the identification of accounting of schools as being a potential audit risk. Members were informed that CIPFA had not issued final guidance on the practical considerations of accounting for schools. Deloitte would monitor this potential risk and work closely with the Council Finance Team to address it.

#### **RESOLVED -**

1. That the Committee noted the report.

# 28. CORPORATE FRAUD INVESTIGATION PROGRESS REPORT

The Committee was provided with a progress report from the Council's Corporate Fraud Investigation Manager. Reference was made to a range of activities which the team had been involved in since April 2014. These included:-

- Social Housing Fraud
- Council Tax/ Business Rates inspections
- Right to Buy Investigations
- First Time Buyer Investigations
- Proceeds of Crime Investigations
- Temporary Accommodation and Housing Needs Reception
- Grants and Blue Badge prosecutions
- Empty Properties Project
- Single Fraud Investigation Service pilot

Particular reference was made to the successful Social Housing Fraud initiative which from April to September 2014 had achieved savings of £522,000 by detecting housing tenancy fraud and recovering 29 properties. In addition the recovered properties had been re-let to residents with genuine housing needs.

Members were informed that 72 unannounced visits had been made to verify owner details of First Time Buyer applications and to ensure there had been no abuse of the scheme.

Reference was made to the number of outbuildings within the grounds of properties in the Borough which were occupied and officers were asked to investigate this area in terms of possible Council Tax fraud.

Discussion took place on Blue Badge Fraud and the frustrations this caused and officers reported that more focus would be given in this area.

The Corporate Director of Finance reported that in September 2014 the Leader of the Council agreed a Business Case to restructure the Corporate Fraud Investigation Team. This would enable the Team to deliver the Council's aim to detect and prevent fraud through a zero tolerance approach and to take appropriate action against offenders.

### **RESOLVED -**

1. That the information contained in the report be noted.

## 29. INTERNAL AUDIT - PROGRESS REPORT FOR QUARTER 3 2014/15

The Head of Internal Audit presented the report which provided summary information on all Internal Audit work covered in relation to the 2014/15 Internal Audit Plan, together with assurance levels in respect of the quarter three period.

Members were informed that during quarter 3, Internal Audit had been working on 32 different pieces of work which had comprised of 22 assurance reviews, 3 grant claim audits and 7 consultancy reviews.

Reference was made to the only Limited assurance report for this quarter which was in relation to the Community Infrastructure Levy on Planning Applications. Members were informed that the Head of Service had approached Internal Audit and had asked for a piece of assurance work to be carried out in this area as there had been some concerns

**Action By:** 

**Garry Coote** 

**Garry Coote** 

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	about the processes and procedures in place.	Action By:
	Members were informed that this had been a good example of joint working as corrective management action had been taken in response to Internal Audit findings.	
	The Committee was also informed that other assurance audits which had been finalised this quarter had included Business Continuity, Housing Temporary Accommodation and the thematic cross cutting reviews which had taken place at schools on payroll.	
	The Head of Internal Audit reported that in relation to follow up work on previous Internal Audit recommendations, there had only been 4% outstanding high and medium risk recommendations. This compared favourably to last year.	
	The Committee was informed that Internal Audit recommendations were monitored and implemented by using Internal Audit's software, TeamMate, and details of how this software worked was reported.	
	Reference was made to a number of client comments on performance of Internal Audit, which had been positive.	
	RESOLVED -	
	1. That the Internal Audit progress report for 2014/15 Quarter 3 be noted.	
	2. That the coverage, performance and results of Internal Audit activity be noted.	
30.	TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2015/16 TO 2019/20	
	Members were reminded that the Annual Treasury Management Strategy was agreed by Council as part of the budget setting process in February. A draft of the strategy was brought before this Committee to enable greater scrutiny.	
	RESOLVED -	
	That the contents of the Treasury Management Strategy Statement and Investment Strategy be noted.	
31.	PROPOSED 2015/16 TRAINING & DEVELOPMENT PLAN FOR AUDIT COMMITTEE MEMBERS	
	The Committee was provided with a proposed training and development plan for Audit Committee Members, which was	

	introduced with the intention of providing Members with	Action By:
	support in discharging their duties effectively.	Action By.
	It was agreed that some minor changes be made around the timings of some of the training areas and that further consideration be given to the development of a skills matrix for Audit Committee Members and for the designated substitute Members.	
	RESOLVED -	
	1. That the contents of the report be noted and officers be asked to update the plan and distribute to Members.	Khalid Ahmed
32.	WORK PROGRAMME 2014/15	
	Noted.	
33.	RISK MANAGEMENT REPORT 2014/15	
	This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).	
	Discussion took place on some of the risks identified in the report and the reasons for risk ratings	
	In relation to a point regarding the attainment levels of pre- schools in the Borough, the Head of Performance and Improvement reported that this was an area which was being looked at very closely.	
	Officers were asked to investigate if the register could have details of gross and net risks. Gross risk being the assessment of a risk before the introduction of controls to mitigate against the risk and net risk representing the risk arising after implementation of controls.	Dan Kennedy
	RESOLVED -	
	1. That the Committee reviewed the Corporate Risk Register (as at the end of September 2014), as part of the Committee's role to independently assure the risk management arrangements in the Council.	
	The meeting which commenced at 5.00pm, closed at	

6.20pm	
Next meeting: 17 December 2015 at 5.00pm	

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. Circulation of these minutes are to Councillors, Officers, the Press and Members of the Public.