



Minutes

Audit Committee

Tuesday 15 December 2015

Meeting held at Committee Room 4- Civic Centre,
High Street, Uxbridge UB8 1UW

	<p>Members Present: Rajiv Vyas (Independent Chairman), Councillors Peter Davis, Tony Eginton, Richard Lewis and Susan O'Brien.</p> <p>Officers Present: Garry Coote (Corporate Fraud Investigation Team Manager), Sian Kunert (Chief Accountant), Muir Laurie (Head of Internal Audit), Christopher Norris (Investigations Team Leader - Corporate Fraud Investigation Team), Elaine Portess (Assistant Internal Audit Manager), Nancy Le Roux (Deputy Director of Strategic Finance), Paul Whymand (Corporate Director of Finance) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Jonathan Gooding (External Audit - Deloitte) and Alan Witty (External Audit - Ernst & Young)</p> <p>Prior to the meeting, the Committee was provided with a training session on the work of the Council's Corporate Fraud Investigations Team.</p>	
23.	DECLARATION OF INTEREST Councillor Tony Eginton declared a Non-Pecuniary Interest in Agenda Item 8 - Internal Audit Progress Report for 2015/16 Quarter 3 (including Quarter 4 IA Plan) because he was a Member of the Schools Forum. He remained in the room during discussion on the item.	
24.	MINUTES OF THE MEETING HELD ON 24 SEPTEMBER 2015 Agreed as an accurate record.	
25.	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 10 - Risk Management Report & Quarter 2 Corporate Risk Register which was considered in private.	
26.	DELOITTE - ANNUAL GRAND AUDIT LETTER Deloitte's Draft Annual Audit Letter provided a summary of the key findings on the grant work undertaken by Deloitte for the year ended 31 March 2015.	Action By:
	Members were informed that for this year Deloitte was	Action By:

	<p>responsible for only certifying the Housing Benefit Subsidy claim under the contract with the Public Sector Audit Appointments. This work had revealed a number of errors both in under and over payment of benefits and had resulted in a qualification letter being issued. The Committee was informed that given the nature of benefits processing and the high volume of transactions that there was a certain element of error in this area.</p> <p>Reference was made to the certified returns relating to Teachers' Pension Contributions and Pooling of Capital Receipts, which had been certified without qualification.</p> <p>RESOLVED –</p> <p>1. That the report be noted.</p>	
27.	<p>TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2016/17 TO 2020/21</p> <p>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.</p> <p>Reference was made to the new banking reform legislation which had been taken into account of when producing the strategy. This legislation removed government support to failing banks from 2015 which heightened risk to the Council's unsecured investments due to bail-in risk.</p> <p>RESOLVED -</p> <p>1. That the contents of the Treasury Management Strategy Statement and Investment Strategy be noted</p>	
28.	<p>CORPORATE FRAUD INVESTIGATION TEAM PROGRESS REPORT - APRIL-NOVEMBER 2015</p> <p>The Committee was provided with a report which provided details of the work undertaken by the Corporate Fraud Investigation Team from April to November 2015.</p> <p>Members were informed that Corporate Fraud Investigation Team activities since April 2015 included the following:</p> <ul style="list-style-type: none"> • Social Housing fraud • Council Tax/Business Rates inspections • Single Person Discount (SPD) • Temporary Accommodation and Housing Needs 	<p>Action By:</p>

	<p>Reception</p> <ul style="list-style-type: none"> • Right to Buy investigations • Proceeds of Crime investigations • Housing Waiting List • Enhanced Recruitment Verification • Blue Badge • Procurement fraud • Mobile working • Council Tax Reduction Scheme (CTR) <p>The Corporate Fraud Investigation Manager reported that in relation to Social Housing Fraud, since April 2015, the Team had recovered 56 properties which were now available to be re-let to residents in genuine housing need.</p> <p>RESOLVED –</p> <p>1. That the Committee considered and noted the Corporate Fraud Investigation Team report.</p>	
29.	<p>INTERNAL AUDIT - PROGRESS REPORT FOR QUARTER 3 2015/16 (INCLUDING THE 2015/16 QUARTER 4 INTERNAL AUDIT PLAN)</p> <p>The Head of Internal Audit presented the report which provided summary information on all Internal Audit work covered in relation to the 2015/16 Internal Audit Plan, together with assurance levels in respect of the quarter three period.</p> <p>Members were informed that since the last progress report, 5 assurance reviews had been completed to final report stage, 7 consultancy reviews had been finalised and 2 grant claims had been verified.</p> <p>Reference was made to key assurance reviews which had been finalised which included Corporate Procurement, Schools - ICT and Asset Management Arrangements and Domiciliary Care, with all reviews resulting in a Limited assurance opinion being given.</p> <p>Particular discussion took place on the thematic assurance review which had taken place on ICT and Asset Management Arrangements in schools, and Members were informed that the Schools Forum had taken a funding decision to reduce the Internal Audit coverage of schools to the statutory minimum. The Head of Internal Audit reported that this decision would be detrimental to the effectiveness of risk management and controls in schools and would impact upon the robustness of the control environment across all schools in the Borough.</p>	

	<p>Reference was made to the consultancy work which had been carried out in relation to assisting with stock checks at the Council's stores and providing security advice on Harlington Road Depot. The service had received positive feedback from the work carried out.</p> <p>The Committee was informed that in relation to the follow up of previous internal audit recommendations in Quarter 3, there were only 4 medium risks currently outstanding for 2014/15 and 2 medium risks currently outstanding for 2015/16. The Committee noted this excellent outcome.</p> <p>Discussion took place on the Key Performance Indicators for the service and reference was made to KPI 7 - Percentage of draft reports issues as a final report within 15 working days which was not within the target set. The Committee was provided with an explanation which referred to Internal Audit's reliance on timely management responses to reach this target.</p> <p>Assurance was given to Members that despite staff shortages there was sufficient coverage in the 2015/16 Internal Audit plan.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the Internal Audit progress report for 2015/16 Quarter 3 be noted and approval be given to the Quarter 4 Internal Audit Plan for 2015/16. 2. That the coverage, performance and results of the Internal Audit activity in Quarter 3 be noted. 	
30	<p>WORK PROGRAMME 2015/16</p> <p>Noted.</p>	
31.	<p>RISK MANAGEMENT REPORT 2015/16</p> <p>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).</p> <p>The report presented to Members the Corporate Risk Register till the end of September 2015 and also provided a summary of changes in risks on the Corporate Risk Register during the previous 12 months.</p>	<p>Action By:</p>

	<p>Officers were reminded to send the Council's Risk Management Policy Framework to Members of the Committee as requested at the last meeting.</p> <p>The Head of Internal Audit reported that he would be taking over the responsibility for the production and facilitation of the Corporate Risk Register.</p> <p>Discussion took place on possible risks which should be included in the Corporate Risk Register and these were noted and would be actioned by officers.</p> <p>RESOLVED –</p> <p>1. That the Committee reviewed the Corporate Risk Register (as at the end of September 2015), as part of the Committee's role to independently assure the risk management arrangements in the Council.</p>	<p>Muir Laurie</p>
	<p>The meeting which commenced at 5.30pm, closed at 6.35pm</p> <p>Next meeting: 15 March 2016 at 5.00pm</p>	

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.