



Minutes

Audit Committee

Tuesday 12 July 2016

Meeting held at Committee Room 3 - Civic Centre,
High Street, Uxbridge UB8 1UW

	<p>Members Present: Councillors Scott Seaman-Digby (Vice-Chairman - In the Chair), Peter Davis, Tony Eginton and Ray Graham.</p> <p>Apology for Absence: Rajiv Vyas (Chairman), Councillors George Cooper (Councillor Ray Graham substituting) and Susan O'Brien (Councillor Peter Davis substituting).</p> <p>Officers Present: Kevin Byrne (Head of Policy and Partnerships), Garry Coote (Corporate Fraud Investigation Manager), Sarah Hydrie (Business Assurance Manager), Nancy Le Roux (Deputy Director of Strategic Finance), Sian Kunert (Chief Accountant), Muir Laurie (Head of Business Assurance), Paul Whaymand (Corporate Director of Finance), Martyn White (Senior Internal Audit Manager) and Khalid Ahmed (Democratic Services Manager).</p> <p>Prior to the meeting, the Committee held a private meeting with the Head of Business Assurance.</p> <p>Also the Committee were provided with a training session on the Annual Statement of Accounts.</p>
2.	<p>APPOINTMENT OF CHAIRMAN</p> <p>This was deferred to the next meeting of the Committee.</p>
3.	<p>DECLARATION OF INTEREST</p> <p>Councillor Tony Eginton declared a Non-Pecuniary Interest in Agenda Item 7 - Business Assurance - Annual Internal Audit Report & Head of Internal Audit Opinion Statement because he was a retired member of the Local Government Pension Scheme. He remained in the room during discussion on the item.</p> <p>Councillor Scott Seaman-Digby declared a Non-Pecuniary Interest in Agenda Item 7 - Business Assurance - Annual Internal Audit Report & Head of Internal Audit Opinion Statement because he was a deferred member of the Local Government Pension Scheme. He remained in the room during discussion on the item.</p>

4.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that all the items on the Agenda be considered in public with the exception of Agenda Item 11 - Business Assurance - Corporate Risk Register for Quarter 4 2015/16.</p>	
5.	<p>MINUTES OF THE MEETINGS HELD ON 15 MARCH AND 12 MAY 2016</p> <p>Agreed as accurate records.</p>	
6.	<p>DRAFT ANNUAL GOVERNANCE STATEMENT (AGS) 2015-16</p> <p>The Committee was provided with an update on the progress to date in the preparation of the Annual Governance Statement for 2015/16.</p> <p>The significant governance issues from 2014-15 which had not been resolved were detailed in the report and discussed.</p> <p>Reference was made to the warning notices on maintained schools and academies and a Member asked how many had been escalated to the Regional Schools Commissioner (RSC). Subsequent to the meeting it was reported that based on the financial year, for maintained schools two notices had been issued in 2015/16 and one to date in 2016/17, with a further two Warning Notices in the pipeline.</p> <p>Officers were working closely with schools which had been identified as to be at risk, and 'challenge' meetings had been held with head teachers and Chairs of Governors every 6 weeks/half-term for those at the highest risk. If there were concerns about progress / outcomes, Warning Notices would be issued.</p> <p>In relation to Academy Schools, there was regular dialogue with the RSC's office about a number of Academy Schools, some of which related to lower level concerns / patterns of behaviours which officers had challenged. To date there had been formal concerns raised two Academy Schools.</p> <p>Reference was made to the number of recommendations raised by Internal Audit during their review in 2014/15 relating to Data Protection and Information Governance. Work was still continuing to take place to address the remaining outstanding recommendations.</p> <p>RESOLVED –</p> <p>1. That the comments made by the Committee be noted and the draft AGS be noted.</p>	<p>Action By:</p>

	<p>2. That the Committee noted that at this stage the AGS was in draft form and was subject to possible amendment and that the Committee would be asked to adopt the AGS one it had been signed and agreed by the Leader of the Council and the Chief Executive, for publication alongside the annual accounts in September 2016.</p>	
<p>7.</p>	<p>BUSINESS ASSURANCE - INTERNAL AUDIT (IA) ANNUAL REPORT & OPINION STATEMENT 2015/16</p> <p>The Head of Business Assurance reported that in 2015/16 Business Assurance had completed 77 pieces of Internal Audit work which included 33 assurance reviews, 27 consultancy reviews, 6 grant claims, 5 follow-up reviews, 5 investigations and 1 external quality assessment.</p> <p>Reference was made to Appendix A of the report which provided greater detail on the IA work undertaken in the year.</p> <p>The Head of Business Assurance reported that he was required to give a statutory opinion on the Council's overall system of internal control, which also included consideration of the Council's Risk Management Framework and Corporate Governance arrangements. The Committee was informed that the overall opinion for the 2015/16 audit year was of reasonable assurance.</p> <p>Members were informed that management continued to propose positive action to address the risks IA work had highlighted and that the agreed management action was then taken in a timely manner.</p> <p>Reference was made to the limited assurance given to Housing Planned Maintenance and Members were informed that control gaps had been identified in relation to updating the asset management system and failing to update the project management handbook or Financial Regulations.</p> <p>In addition, reference was made to the limited assurance opinion across housing repairs and Members were informed that the Housing service area had undergone recent significant transformation work.</p> <p>RESOLVED –</p> <p>1. That the contents of the Annual Internal Annual Report and Opinion Statement be noted.</p>	

<p>8.</p>	<p>BUSINESS ASSURANCE - INTERNAL AUDIT PROGRESS REPORT FOR 2016/17 QUARTER 1 (INCLUDING THE QUARTER 2 INTERNAL AUDIT PLAN)</p> <p>The Senior Internal Audit Manager presented the report which provided summary information on all Internal Audit work covered in relation to the 2016/17 Quarter 1, together with assurance levels in this respect.</p> <p>Members were informed that since the last progress report, 16 assurance reviews had been completed to final report stage and 8 consultancy reviews had been finalised.</p> <p>Reference was made to two pieces of consultancy work relating to work around the Council's stores at Harlington Road Depot and two reviews on Children & Young People's Services financial control operations and a review of each of the incentive schemes provided by the Council to private landlords.</p> <p>Reference was made to the deferral of the Internal Audit review into the Management and Control of Void Dwellings and the Committee was informed that this had been deferred because of the structure changes within the service. Management would be given sufficient time to review current working practices and to address known weaknesses within the service.</p> <p>Reference was made to officers giving consideration to providing a risk score to deferred Internal Audit reviews.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the Internal Audit progress report for 2016/17 Quarter 1 be noted and approval be given to the Quarter 2 Internal Audit Plan for 2016/17. 2. That the Committee noted that the coverage, performance and results of Business Assurance Internal Audit activity within this quarter. 	<p>Action By:</p>
<p>9.</p>	<p>CORPORATE FRAUD INVESTIGATION TEAM PROGRESS REPORT - APRIL 2016 -MAY 2016</p> <p>The Committee was provided with a report which provided details of the work undertaken by the Corporate Fraud Investigation Team (CFIT) from April to May 2016.</p> <p>Members were informed that Corporate Fraud Investigation Team activities since April 2016 included the following:</p> <ul style="list-style-type: none"> • Social Housing fraud 	

	<ul style="list-style-type: none"> • Council Tax/Business Rates inspections • Single Person Discount (SPD) • Residency and Verification checks • Right to Buy investigations • Proceeds of Crime investigations • Housing Waiting List • Enhanced Recruitment Verification • Council Tax Reduction Scheme (CTR) • Trading Standards • Blue Badge • Bad debts • Students • Unaccompanied Asylum Seekers <p>The Corporate Fraud Investigation Manager reported that in relation to the Social Housing Fraud project, 18 properties had been recovered from April to May 2016.</p> <p>Reference was made to the Residency and Verification checks, which was a project to prevent false claims for housing from people who did not qualify for housing support from the Council. Members were informed that this initiative was providing savings to the Council.</p> <p>The Committee was informed of the variety of opportunities which existed for the Team to investigate the work area of Bad Debts. The project suggested that it would be productive in terms of generating additional revenue for the Council.</p> <p>Discussion took place on how the Team's performance was measured and the Corporate Fraud Investigation Manager agreed to include suggested targets in the next report to the Committee's</p> <p>RESOLVED –</p> <p>1. That the Committee considered and noted the Corporate Fraud Investigation Team report.</p>	
10	<p>AUDIT COMMITTEE FORWARD PROGRAMME 2016/17 AND 2017/18</p> <p>Discussion took place on the Forward Programme and officers were asked to amend the work programme, to include at the September meeting, a private meeting with the Corporate Director of Finance to take place before the meeting. In addition for the next meeting, there would be a training item on the Role of External Audit.</p>	

