

Minutes

Audit Committee

Thursday 29 June 2017

Meeting held at Committee Room 6 - Civic Centre,
High Street, Uxbridge UB8 1UW



	<p>Cabinet Member Present: Councillors Scott Seaman-Digby (Vice-Chairman - In the Chair), Peter Davis, Tony Eginton and Raymond Graham</p> <p>Officers Present: Kevin Byrne (Head of Policy and Partnerships), Sarah Hydrie (Business Assurance Manager), Sian Kunert (Chief Accountant), Muir Laurie (Head of Business Assurance), Paul Whaymand (Corporate Director of Finance), Martyn White (Senior Internal Audit Manager), Gary Coote (Corporate Investigations Team Manager), and Anisha Teji (Democratic Services Officer).</p>
1.	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies received from Councillor George Cooper, with Councillor Raymond Graham substituting and Councillor Susan O'Brien, with Councillor Peter Davis substituting.</p>
2.	<p>DECLARATIONS OF INTEREST</p> <p>None.</p>
3.	<p>TO CONFIRM THAT ALL ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THAT ANY ITEMS MARKED PART II WILL BE CONSIDERED IN PRIVATE</p> <p>It was agreed that all the items on the Agenda be considered in public with the exception of Agenda Item 12- Business Assurance - Corporate Risk Register for Quarter 4 2016/17.</p>
4.	<p>MINUTES OF THE MEETINGS HELD ON 16 MARCH AND 11 MAY 2017</p> <p>Minutes from 16 March 2017 agreed as an accurate record, subject to the inclusion of the Declaration of a Non Pecuniary Interest by Councillor Eginton in agenda item 5 - EY 2016/2017 Pension Fund Audit Plan and Information on their Detailed Work Plan. Councillor Eginton declared an interest because he was a deferred member of the Local Government Pension Scheme.</p> <p>Minutes from 11 May 2017 were agreed as an accurate record.</p>
5.	<p>INDEPENDENT CHAIRMAN OF THE AUDIT COMMITTEE</p> <p>Consideration was given to the report asking the Committee to agree the process to appoint a new Independent Chairman of the Committee.</p>

	<p>On the appointment of the last Independent Chairman, the Audit Committee interviewed applicants, with the Cabinet Member for Finance, Property and Business Services in attendance.</p> <p>The Committee discussed suitable candidates for the role of Independent Chairman and it was agreed that the candidate would need to provide a willingness to commit to the role for a sustained period of time. A committed Chairman may include a candidate who was at an early stage of their career, hoping to gain more experience and was keen to learn new skills. This would ensure continuity of the Chairman role.</p> <p>The Committee noted that that the remuneration of the role had been agreed by Council.</p> <p>RESOLVED -</p> <ol style="list-style-type: none"> 1. That the former Chairman of the Audit Committee be thanked for his service to the Council; and 2. That Democratic Services be instructed to co-ordinate the process to advertise and appoint a new Independent Member/Chairman of the Audit Committee.
6.	<p>THE DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17</p> <p>The Committee was provided with an update on the progress to date in the preparation of the Annual Governance Statement for 2016/17. The report author took the Committee through the report and gave a summary of each part.</p> <p>The significant governance issues from 2015/16 had been resolved, were detailed in the report and a summary of each point was provided.</p> <p>Reference was made to the good progress made during the last year which included embedding the school led improvement approach in Hillingdon, working closely with Head Teachers and Governing Bodies in the Borough. Schools which were causes for concern had been subject to regular performance reviews, and where appropriate, Warning Notices were served. Others areas which had been progressed included the Council's Corporate Anti Fraud and Anti Corruption arrangements, contract monitoring in the Passenger Transport Service, health and safety arrangements at Harlington Road Depot, Homelessness and Housing services and strengthening arrangements in the Council's Data Protection and Information Governance arrangements.</p> <p>A number of significant issues had been identified in 2016/17 which included the need to strengthen Business Continuity/Disaster Recovery plans, Building Control Services, evidence of deterioration of financial position in two maintained schools and incomplete management information in relation to Social Care clients.</p> <p>Reference was also made to the fact that the Council continued to operate with declining financial support from the Government whilst managing a broad range of services. In 2016/17, £13.3m savings had been made.</p> <p>Members enquired about general Member training programmes and Officers advised</p>

	<p>that they would feedback to the Head of Democratic Services about ensuring regular Member development sessions. Members also enquired about the annual report on the Audit Committee and Officers advised that this was on the work programme for the Audit Committee meeting in September, with a view to being submitted to Council in November 2017.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the comments made by the Committee be noted and the draft AGS be noted. 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 once it had been signed and agreed by the Leader of the Council and the Chief Executive, for publication alongside the annual accounts in September 2017.
7.	<p>ORAL UPDATE ON STATEMENT OF ACCOUNTS</p> <p>The Chief Accountant provided an oral update on Statement of Accounts.</p> <p>It was reported that a draft version of the Accounts had been completed on 1 June 2017 and had provided assurance to officers that the statutory deadlines would be achieved. Draft Accounts were formally signed off on 27 June 2017 and sent to Ernst & Young (EY) to enable them to move onto the next step of the external audit process. Officers had improved communications with EY as there was now regular contact.</p> <p>It was reported that Council testing had been carried out up to the first nine months at the interim audit stage and the outcomes were reported to Committee by EY in March. The remainder of accounts would be completed as per the agreed timeline from July when the external auditors would be on site for eight weeks. A timetable for staff resources had been provided in advance and a work plan to ensure relevant teams were available at suitable times to assist the auditors. Grant audits were also underway and in line with agreed timelines.</p> <p>In summary, the accounts of this year had been completed and overall the results were good. Officers were comfortable with the improvements made by auditors, particularly as there had been better planning and management of the audit process.</p> <p>RESOLVED -</p> <ol style="list-style-type: none"> 1. That the oral update be noted.
8.	<p>BUSINESS ASSURANCE - INTERNAL AUDIT ANNUAL REPORT & OPINION STATEMENT 2016/17</p> <p>The Head of Business Assurance reported that the 2016/2017 Internal Audit plan was 93% complete to draft report stage by 31 March 2017 and 100% completed by 19 June 2017. The Head of Business Assurance reported that 67 pieces of Internal Audit Work had been delivered as part of 2016/17 Internal Audit plan which had included</p>

	<p>30 assurance reviews, 10 follow- up reviews, 15 consultancy reviews and 12 grant claim audits. Reference was made to Appendix A of the report which provided greater detail on the Internal Audit work undertaken in the year.</p> <p>The Head of Business Assurance also reported that the service was getting more efficient in how resources were being deployed and it was taking a risk based approach to work.</p> <p>Following Member questions, the Head of Business Assurance advised that topics in Internal Audit were risk dependent and there was no pattern of certain topics. He advised that officers had been working together to manage risk assessments. The Committee was informed that management continued to propose positive action to address the risks Internal Audit work had highlighted.</p> <p>RESOLVED –</p> <p>1. That the contents of the Annual Internal Annual Report and Opinion Statement be noted.</p>
9.	<p>BUSINESS ASSURANCE - INTERNAL AUDIT PROGRESS REPORT FOR 2017/18 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 2017/18 Quarter 1, together with assurance in this respect.</p> <p>The Committee was informed that since the last Internal Audit Progress Report to Audit Committee on 7 March 2017, 14 assurance reviews has been concluded, two follow up reviews and two consultancy reviews had been finalised and one grant claim certified.</p> <p>The Committee was informed that good progress was being made on the Internal Audit work for 2017/2018 Quarter 1 with three Internal Audit assurance reviews at an advanced stage of reporting and a further four assurance reviews at fieldwork stage. Positive feedback was also being provided in relation to the advisory and consultancy work being delivered to the Council.</p> <p>The Committee noted that there have been three amendments to the Quarter 1 Internal Audit Operation Plan.</p> <p>RESOLVED -</p> <p>1. That the Internal Audit Progress Report for 2017/18 Quarter 1 be noted and approval be given to the Quarter 2 Internal Audit Plan.</p> <p>2. That the Audit Committee noted the coverage, performance and results of Business Assurance Internal Audit activity within this quarter.</p>
10.	<p>CORPORATE FRAUD INVESTIGATION TEAM PROGRESS REPORT 2016/17</p>

FINANCIAL YEAR AND APRIL TO MAY 2017

The Committee was provided with a report which provided details of the work undertaken by the Corporate Fraud Investigation Team (CFIT) from April 2016 to May 2017.

Members were informed that Corporate Fraud Investigation Team activities since April 2016 included the following:

- Social Housing Fraud
- Council Tax/Business Rates inspections
- Single Person Discount (SPD)
- Residency and Verification checks
- Right to Buy investigations
- Proceeds of Crime investigations
- Housing Waiting List
- National Fraud Initiative (NFI)
- Trading Standards
- Blue Badge
- Bad debts
- Unaccompanied Asylum Seekers
- Benchmarking

Reference was made to the good progress made by the CFIT in relation to Social Housing Fraud and identifying incorrect claims for Single Person Discount. Checks were being made through reviewing applications for the Hillingdon First Card. Reference was also made to the good work being carried out by a project set up by CFIT in removing 2,329 applications from the Housing Register Waiting List. This process had also allowed the CFIT to identify 38 cases where the household has been incorrectly claiming Single Person Discount for Council Tax totalling £16,000.

Discussion took place on the work being carried out in relation to benchmarking. Members were informed that currently there was no readily available benchmarking data as this had not been a government requirement.

Generally this has been a good year and the results are good. A Business case was being worked on to obtain more resources to work in the housing area, in verification and application checks.

RESOLVED -

1. That the Committee considered and noted the Corporate Fraud Investigation Team report; and
2. That the Committee be provided with comparative data showing the changes from 2014/15 to 2016/17.

11.

AUDIT COMMITTEE FORWARD PROGRAMME 2017/18

	Noted.
12.	<p>BUSINESS ASSURANCE - CORPORATE RISK REGISTER FOR QUARTER 4 2016/17</p> <p><i>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).</i></p> <p>The report presented to Members the Corporate Risk Register for Quarter 4 (January to March 2017). The report provided evidence about how identified corporate risks were being managed and the actions which were being taken to mitigate against those risks.</p> <p>RESOLVED –</p> <p>That the Committee reviewed the Corporate Risk Register for Quarter 4 (January to March 2017), as part of the Committee's role to independently assure the risk management arrangements in the Council.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Anisha Teji on 01895 277655. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.