

## Minutes

### AUDIT COMMITTEE

17 October 2018

Meeting held at Committee Room 5  
Civic Centre, High Street, Uxbridge



	<p><b>Committee Members Present:</b> Councillors Chesshire (Chairman), Tony Eginton, Martin Goddard and Susan O'Brien</p> <p><b>LBH Officers Present:</b> Paul Whaymand (Corporate Director of Finance), Sian Kunert (Head of Pensions, Treasury and Statutory Accounts), Muir Laurie (Head of Business Assurance), Sarah Hydrie (Internal Audit Service Manager), Zac O'Neil (Counter Fraud Manager) Stephanie Rao (Risk and Insurance Manager) and Anisha Teji (Democratic Services Officer)</p> <p><b>Others Present:</b> Adrian Balmer and Suresh Patel (External Audit - Ernst &amp; Young).</p>
13.	<p><b>APOLOGIES FOR ABSENCE</b> (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Cllr Scott Seaman-Digby.</p>
14.	<p><b>DECLARATIONS OF INTEREST</b> (<i>Agenda Item 2</i>)</p> <p>Councillor Tony Eginton declared a non-pecuniary interest arising from the fact that he was a retired member of the Local Government Pension Scheme. He remained for the discussion of all items.</p> <p>Councillor Susan O'Brien, declared a non-pecuniary interest arising from the fact that she was a deferred member of the Local Government Pension Scheme. She also remained for the discussion of all items.</p>
15.	<p><b>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</b> (<i>Agenda Item 3</i>)</p> <p>It was agreed that all the items on the agenda be considered in public with the exception of Agenda Item 9 – Risk Management Annual Report 2017/18 and Agenda Item 10 – 2018/19 Quarter 1 Corporate Risk Register.</p>
16.	<p><b>MINUTES OF THE MEETING HELD ON 26 JULY 2018</b> (<i>Agenda Item 4</i>)</p> <p><b>RESOLVED</b> – That the minutes from the 26 July 2018 be approved, subject to including the information relating to the amortisation rates of intangible assets.</p>

17.	<p><b>EXTERNAL AUDIT ANNUAL AUDIT LETTER</b> (<i>Agenda Item 5</i>)</p> <p>The Committee was provided with the Ernst Young (EY), the External Auditor, Annual Audit Letter and a cover report.</p> <p>The cover report summarised the key areas of EY's audit work, their findings and the focus of their work going forward. The focus of work going forward included; The Council's Financial Statements; Value for Money conclusion; Whole of Government Accounts and Grants Certification. The Annual Audit Letter detailed the expected conclusions from EY's audit work undertaken for the year ended 31 March 2018.</p> <p><b>RESOLVED -</b></p> <p><b>That the Audit Committee noted the External Audit Annual Audit Letter.</b></p>
18.	<p><b>INTERNAL AUDIT PROGRESS REPORT FOR 2018/19 QUARTER 2 (INCLUDING THE 2018/19 QUARTER 3 IA PLAN)</b> (<i>Agenda Item 6</i>)</p> <p>Following Members' request at the last Audit Committee meeting for further information or a matrix on the headcount of IA staff and number of projects completed by individuals, the Head of Business Assurance informed the Committee that details would be provided in the annual report and this would come to Committee in July 2019.</p> <p>The Internal Audit (IA) Service Manager presented the report which provided summary information on all IA work covered in relation to the 2018/19 Quarter 2 IA Plan, together with assurance levels in this respect.</p> <p>It was reported that since the last IA progress report to CMT and the Audit Committee dated 30 June 2018, four assurance reviews had been concluded, four consultancy reviews, five grant claims and four residual pieces of 2017/18 work had been certified and finalised. It was also reported that the overall IA delivery was in line with expectations at this stage as there were still several vacancies amongst the team.</p> <p>Key assurance reviews finalised included Officer Declarations of Interest, Complaints and Symology Data Quality which all received reasonable assurance opinions. A review of Early Years Centres was completed which received No assurance over the management of key risks. There was an absence of procedural documents and inconsistencies identified throughout the testing process including invoicing, arrears management, financial recording and record keeping.</p> <p>It was reported that positive action had been proposed by management to assess all of the high and medium risk recommendations raised within each respective review. This quarter the Housing Benefit Subsidy Grant Claim had been a significant piece of work for IA. IA continues to carry out verification work on the Troubled Families Grant as well as completing verification work regarding the Disabled Facilities Grant, Bus Subsidy Grant and Pothole Action Fund.</p> <p>It was noted that work done in relation to the Housing Benefit Subsidy Grant Claim was initially undertaken by IA and followed up by EY. An update in relation to the Cyber Security audit would be reported to the Committee at the next meeting. GDPR was a topical concern and Mazars are being commissioned to carry out this review to provide a greater level of independence. In terms of resourcing, the IA apprentice role was outstanding and Mazars was being used to cover other vacancies in the team.</p> <p><b>RESOLVED –</b></p>

**That the Internal Audit Progress Report for 2018/19 Quarter 2 be noted and approval be given to the Quarter 3 Internal Audit Plan for 2018/19.**

**That the Committee noted that the coverage, performance and results of Business Assurance Internal Audit activity within this quarter.**

**19. 2018/19 QUARTER 2 COUNTER FRAUD PROGRESS REPORT (Agenda Item 7)**

The Counter Fraud Manager presented a report giving details on the work being undertaken by the Business Assurance Counter Fraud Team (BACFT) in relation to 2018/19 Quarter 4 and assurances in this respect.

In summary, it was reported that during this quarter the team had completed one prosecution for housing fraud. The BACFT had focussed on the delivery of new counter fraud projects as part of the planned increase in proactive counter fraud work. Verification work had been broadened in different aspects of housing and new verification work was also planned within Social Care. There had been successful recruitment to all vacant positions within the BACFT and there had been a key focus on developing the knowledge and skills of the team. There was an aim to professionalise the service with both lead investigators having completed their professional qualifications (BTEC Level 7 in Investigation) this quarter. Other officers in the team had also commenced professional qualifications.

It was highlighted that during quarter 2 there had been collaboration with counter fraud colleagues from the Cabinet Office, the Treasury, HM Revenue and Customs and a number of other central government organisations to help develop the counter fraud profession. A counter fraud investigations apprenticeship would be developed. The Home Office Immigration Enforcement Officer had prevented a loss prevention of £82,000 worth of Council services. A set of investigation policies were in the process of being drafted and would be circulated to Members in due course. Ten properties had been recovered as at 30 September 2018 and three cases of fraudulent right to buy applications had been identified meaning the prevention of fraud valuing £310,000.

It was reported that key performance had not all been met as time and effort had been focussed on developing the team and it was hoped that this would result in the future improvement.

Members commented that it was a good result on the prosecution and officer qualification. Members queried whether the one bursary scheme prevention being given to an ineligible candidate was the applicant's mistake or was it a fraudulent application. It was confirmed that the wrong information had been provided in relation to whether the individual had lived in the Borough ten years and they had been refused but not officially warned. Officers confirmed that much of this work was about raising fraud awareness that the Council took incidents like this seriously. The Council was planning to introduce a fraud awareness work and it would be considered whether something could be included in Hillingdon people to try to promote this.

It was noted that work in relation to unaccompanied asylum seeking children proactive counter fraud project was ongoing.

**RESOLVED – That the Counter Fraud Progress Report for 2018/19 Quarter 2 be noted.**

**20. AUDIT COMMITTEE FORWARD PROGRAMME 18/19 (Agenda Item 8)**

	<b>RESOLVED – That the forward work programme be noted.</b>
21.	<p><b>RISK MANAGEMENT ANNUAL REPORT 2017/18</b> (<i>Agenda Item 9</i>)</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 Risk Management Annual Report 2017/18. The report provided evidence about the movement of individual corporate risks across the year, how they have been managed by the Council and horizon scanning for the future.</p> <p><b>RESOLVED – That the Audit Committee reviewed the Risk Management Annual Report 2017/18 as part of its role to independently assure the Council’s corporate risk management arrangements.</b></p>
22.	<p><b>2018/19 QUARTER 1 CORPORATE RISK REGISTER</b> (<i>Agenda Item 10</i>)</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 Corporate Risk Register for Quarter 1 (April to June 2018) report was presented to Members. The report provided evidence about how identified corporate risks were being managed and the actions which were being taken to mitigate those risks.</p> <p><b>RESOLVED – That the Committee reviewed the Corporate Risk Register for Quarter 1 (April to June 2018), as part of the Committee’s role to independently assure the risk management arrangements in the Council.</b></p>
	The meeting, which commenced at 5.10 pm, closed at 6.05 pm.

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