

Minutes

AUDIT COMMITTEE

22 July 2019

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

	<p>Committee Members Present: John Cheshire (Chairman) Councillors: Martin Goddard (Vice-Chairman), Tony Eginton, Ray Graham (in place of Susan O'Brien) and Eddie Lavery</p> <p>LBH Officers Present: Sian Kunert (Head of Pensions, Treasury and Statutory Accounts), James Lake (Lead Corporate Accountant), Muir Laurie (Deputy Director of Exchequer & Business Assurance Services), Sarah Hydrie (Head of Internal Audit & Risk Assurance), Zac O'Neil (Head of Counter Fraud), Stephanie Rao (Risk and Insurance Manager) and Anisha Teji (Democratic Services Officer)</p>
46.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillor Susan O'Brien with Councillor Ray Graham substituting.</p>
47.	<p>ELECTION OF VICE CHAIRMAN (<i>Agenda Item 2</i>)</p> <p>RESOLVED: That Councillor Martin Goddard be elected as Vice-Chairman of the Audit Committee for the municipal year 2019/20.</p>
48.	<p>DECLARATIONS OF INTEREST (<i>Agenda Item 3</i>)</p> <p>Councillor Tony Eginton declared a non-pecuniary interest in agenda item 6 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>
49.	<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 (<i>Agenda Item 4</i>)</p> <p>It was agreed that all the items on the agenda be considered in public with the exception of Agenda Item 14 – Corporate Risk Register 2018/19 Quarter 4.</p>
50.	<p>MINUTES OF THE MEETING HELD ON 25 APRIL 2019 (<i>Agenda Item 5</i>)</p> <p>RESOLVED: That the minutes from the meeting on 25 April 2019 be agreed as an accurate record.</p>

51.	<p>APPROVAL OF THE 2018/19 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT FOR THE YEAR ENDED 31 MARCH 2019 (<i>Agenda Item 6</i>)</p> <p>The Committee received a report that summarised the findings of Ernst Young (EY), the External Auditor, on the audit of the 2018/19 Statement of Accounts and Pension Fund Accounts.</p> <p>The Committee was informed that, based on the work undertaken to date, EY anticipated issuing an unqualified opinion on the Pension Fund Account, subject to the completion of outstanding work.</p> <p>The Committee was informed that the audit was still subject to outstanding work due to resourcing challenges. EY anticipated issuing an unqualified audit opinion on the financial statements by 31 July 2019.</p> <p>RESOLVED: That the Audit Committee approved the audited Statement of Accounts for 2018/19.</p>
52.	<p>2018/19 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE (<i>Agenda Item 7</i>)</p> <p>The Committee received a report on the Review of the Effectiveness of the Audit Committee 2018/19. The review had been given a substantial assurance, with six low risk recommendations for best practice and two notable practice observations being identified.</p> <p>It was noted that, although there was no requirement for officers to attend Audit Committee meetings, Members could request their attendance. It was however confirmed that there had been no occasions during the year where the Audit Committee believed the lack of this power hindered its effectiveness in any way.</p> <p>It was noted that Members were keen to explore the good practice recommendations with Democratic Services further.</p> <p>RESOLVED: That the findings, recommendations and management action proposed in the Effectiveness of the Audit Committee final report be noted.</p>
53.	<p>ANNUAL INTERNAL AUDIT REPORT AND OPINION STATEMENT 2018/19 (<i>Agenda Item 8</i>)</p> <p>The Committee considered the Annual Internal Audit Report and Opinion Statement 2018/19, which highlighted matters arising from the work of Internal Audit during 2018/19.</p> <p>It was reported that, despite significant changes to the Internal Audit team, the 2018/19 plan was 100% complete to final stage report by 31 May 2019. In total, 48 pieces of IA work had been delivered as part of the 2018/19 Internal Audit plan, including 19 assurance reviews, 12 follow up reviews, nine consultancy reviews and eight grant claims audits. Over half of the assurance reviews had resulted in a reasonable opinion.</p> <p>It was also reported that work was ongoing to strengthen the Council's control environment in relation to the significant control weaknesses including Internal Audit reviews of Early Years Centres, Emergency Duty Team and Houses in Multiple Occupation.</p>

	<p>Members thanked officers for the comprehensive report.</p> <p>RESOLVED: That the contents of the Annual Internal Audit Report and Opinion Statement 2018/19 be noted.</p>
54.	<p>INTERNAL AUDIT PROGRESS REPORT FOR 2019/20 QUARTER 1 (INCLUDING THE QUARTER 2 IA PLAN) <i>(Agenda Item 9)</i></p> <p>The Committee received the Internal Audit Progress Report for 2019/20 Quarter 1 and Internal Audit Plan for Quarter 2 which provided summary information on all Internal Audit work covered in relation to 2019/20, together with assurance levels in this respect.</p> <p>It was noted that since the last Internal Audit Progress Report one follow up review had concluded, eight assurance reviews were at an advanced stage, three grant claims had been certified and eight pieces of work had been finalised. One assurance review had been deferred at Management's request and there had been three requests for audit work.</p> <p>It was reported that the team was fully staffed and there were still arrangements with Mazars if further resources were required.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1) That the Audit Committee noted the IA Progress Report for 2019/20 Quarter 1 and approval be given to the Quarter 2 Internal Audit Plan for 2019/20; 2) That the Committee noted the coverage, performance and results of Business Assurance Internal Audit activity within this quarter.
55.	<p>INTERNAL AUDIT CHARTER <i>(Agenda Item 10)</i></p> <p>The Committee considered the Internal Audit Charter which was a key document in respect to the Council's internal control, risk management and corporate governance framework. This had been updated to be in line with the best practice and to mirror the minor changes to the UK Public Sector Internal Audit Standards (PSIAS) and Internal Audit Professional Practices Framework (IPPF). The last update of the Internal Audit Charter was approved by the Audit Committee on 11 April 2018.</p> <p>RESOLVED: That the Internal Audit Charter be noted.</p>
56.	<p>2018/19 COUNTER FRAUD ANNUAL REPORT <i>(Agenda Item 11)</i></p> <p>The Committee considered the 2018/19 Counter Fraud Annual Report that provided an overview of all Counter Fraud work carried out in relation to 2018/19 and assurance in this respect.</p> <p>It was reported that the Business Assurance Counter Fraud Team had achieved a number of successful outcomes against a number of major changes and improvement initiatives in the team. This included a delivery of a total of £1.2m in loss prevention savings within Council services. Further, there had been a restructure of BACFT which impacted resourcing in Quarters 1 and 2.</p> <p>The total value of the services of the Immigration Enforcement Officer for 2018/19 was estimated at £233,208 and the IEO would continue to work with the BACFT for</p>

	<p>2019/20. The performance by the BACFT against key performance indicators throughout 2018/19 and bench marking data in comparison to other London Boroughs was included in the report.</p> <p>Members thanked officers for their work and results.</p> <p>RESOLVED: That the Counter Fraud Annual Report for 2018/19 be noted.</p>
57.	<p>2019/20 QUARTER 1 COUNTER FRAUD PROGRESS REPORT (<i>Agenda Item 12</i>)</p> <p>The Committee received a report detailing the work being undertaken by the Business Assurance Counter Fraud Team (BACFT) in relation to 2019/20 Quarter 1 and assurances in this respect.</p> <p>It was reported that, during quarter 1 of 2019/20, the BACFT had achieved successful loss prevention outcomes totalling £412,752. A total of four Council properties had been recovered and, as a result of a proactive project two B&B non occupations were identified. Further, the Home Office Immigration Officer had directly contributed to loss prevention savings of £142,255 through working with different departments.</p> <p>It was noted that the BACFT had identified 1 case of a fraudulent RTB application which had equated to a loss prevention saving of £110,500.</p> <p>It was confirmed that two Senior Verifications Officer roles within the BACFT had been recruited to.</p> <p>RESOLVED: That the Counter Fraud Progress Report for 2019/20 Quarter 1 be noted.</p>
58.	<p>AUDIT COMMITTEE FORWARD PROGRAMME (<i>Agenda Item 13</i>)</p> <p>RESOLVED: That the work programme be noted.</p>
59.	<p>2018/19 QUARTER 4 CORPORATE RISK REGISTER (<i>Agenda Item 14</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 4 (January to March 2019), 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>RESOLVED – That the Committee reviewed the Corporate Risk Register for Quarter 4 (January to March 2019), as part of the Committee's role to independently assure the strategic risk management arrangements in the Council.</p>
	<p>The meeting, which commenced at 5.40 pm, closed at 6.56 pm.</p>

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.