

## Minutes



### AUDIT COMMITTEE

13 December 2017

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

	<p><b>Committee Members Present:</b> John Chesshire (Independent Chairman) Councillors George Cooper, Tony Eginton and Susan O'Brien</p> <p><b>LBH Officers Present:</b> 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 &amp; Counter Fraud Manager), Zac O'Neil (Counter Fraud Manager) and Anisha Teji (Democratic Services Officer)</p> <p><b>Others Present:</b> Maria Grindley (External Audit - Ernst &amp; Young)</p> <p>Prior to the meeting, the Committee held a private meeting with Muir Laurie, the Head of Business Assurance.</p>
31.	<p><b>APOLOGIES FOR ABSENCE</b> (<i>Agenda Item 1</i>)</p> <p>Apologies received from Cllr Scott Seaman - Digby.</p>
32.	<p><b>DECLARATIONS OF INTEREST</b> (<i>Agenda Item 2</i>)</p> <p>There were no declarations of interest.</p>
33.	<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 - Business Assurance - Corporate Risk Register for Quarter 2 2017/18.</p>
34.	<p><b>MINUTES OF THE MEETING HELD ON 31 OCTOBER 2017</b> (<i>Agenda Item 4</i>)</p> <p>The minutes from 31 October 2017 were agreed as an accurate record.</p>
35.	<p><b>EXTERNAL 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>

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 2017. The Committee was informed that quantifications could not be provided at this time in relation to pension disclosure, but work was ongoing to resolve any issues. The Committee was informed that updates would be provided at future meetings.

The Committee commented that the report was clear and there was a good result.

**RESOLVED -**

**That the Audit Committee noted the External Audit Annual Audit Letter.**

36. **BUSINESS ASSURANCE - INTERNAL AUDIT PROGRESS REPORT FOR 2017/18 QUARTER 3 (INCLUDING THE QUARTER 4 IA PLAN) *(Agenda Item 6)***

The Senior Internal Audit & Counter Fraud Manager presented the report which provided summary information on all Internal Audit Work covered in relation to 2017/18 Quarter 3, together with assurance levels in this respect. The Committee was also asked to consider and approve the Quarter 4 Internal Audit Plan.

The progress report summarised information on IA assurance, consultant and grant claim verification work covered during the period between 19 September 2017 to 4 December 2017. The Committee was informed that since the last progress report reported to Audit Committee on 18 September 2017 there had been seven assurance reviews concluded, three consultancy reviews finalised and three grant claims certified. There was therefore reasonable progress being made against the programme of IA work for Quarters 1, 2 and 3. The Committee was also informed that IA continued to monitor all high and medium risk recommendations raised, through to the point where the recommendation had either been implemented or a satisfactory alternative risk response had been proposed by management.

Following Member questions, officers confirmed that two of the four high risk recommendations had been partly implemented risk in relation to HMO registration. The remaining five recommendations, two of which were high risk, had not yet been implemented yet but appropriate action was being undertaken and it was noted that there had been positive senior management input to address the risks identified. Officers confirmed that they were satisfied that management were taking action to resolve the issues raised in the Internal Audit report.

The Committee thanked officers for the clear report.

**RESOLVED –**

- 1. That the Internal Audit progress report for 2017/18 Quarter 3 be noted and approval be given to the Quarter 4 Internal Audit Plan for 2017/18.**
- 2. That the Committee noted that the coverage, performance and results of Business Assurance Internal Audit activity within this quarter.**

37.	<p><b>BUSINESS ASSURANCE - COUNTER FRAUD PROGRESS REPORT FOR 2017/18 QUARTER 3 (INCLUDING THE QUARTER 4 COUNTER FRAUD PLAN)</b> (<i>Agenda Item 7</i>)</p> <p>The Committee was provided with a report which gave details on the work being undertaken by the Business Assurance Counter Fraud Team (BACFT; formerly known as the Corporate Fraud Investigations Team).</p> <p>The Committee was informed that there had been successful recruitment of the new Counter Fraud Manager. There was a major review of the BACFT structure underway and there would be a period of significant change with an aim to move towards a more risk based approach to preventing and detecting fraud. It was accepted that more work needed to be undertaken in relation to social care and preventative work, as well as continuing with the key focus on housing fraud.</p> <p>Officers confirmed that performance of the service had dipped this quarter but this was expected during a period of significant transformation. The Committee was informed that the proposed restructure would improve the efficiency of the service once embedded and creates three hubs; namely intelligence, verification and investigations. There will be a greater focus on intelligence gathering and verification work moving forward with less qualified investigator resource. This is in line with the Council's Counter Fraud Strategy focussed on loss prevention.</p> <p>In response to Member questions, officers confirmed that they were confident about back filling posts and there was an intention to recruit people with a wide range of skills across the team, including trainees and apprentices. Officers also confirmed that although Business Assurance is one service area, and there is clear synergy between Internal Audit and Counter Fraud, both teams will be lead by two different service managers to ensure the lines do not become blurred between what is an audit and what is an investigation.</p> <p>IA was recognised as a valued added service and there were many requests from management for auditors to review services across the Council. By contrast, the role of Counter Fraud is to help the Council meet its statutory responsibility for the prevention and detection of fraud and corruption.</p> <p><b>RESOLVED -</b></p> <ol style="list-style-type: none"> <li><b>1. That the Counter Fraud Progress Report for 2017/18 Quarter 3 be noted and approval be given to the Quarter 4 Counter Fraud Plan.</b></li> <li><b>2. That the Committee noted that the coverage, performance and results of BACFT activity within this quarter.</b></li> </ol>
38.	<p><b>AUDIT COMMITTEE FORWARD PROGRAMME</b> (<i>Agenda Item 8</i>)</p> <p>The Audit Committee Forward Programme was noted.</p> <p>Democratic Services were asked to look into changing the meeting date proposed on 23 January 2019 to allow sufficient time for reports to be prepared.</p>

39.	<p><b>BUSINESS ASSURANCE - CORPORATE RISK REGISTER FOR QUARTER 2 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 Corporate Risk Register for Quarter 2 (July to September 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><b>RESOLVED –</b></p> <ol style="list-style-type: none"> <li><b>1. That the Committee reviewed the Corporate Risk Register for Quarter 2 (July to September 2017), as part of the Committee's role to independently assure the risk management arrangements in the Council.</b></li> <li><b>2. That in future officers provide the Committee with a one page summary of each Group Risk Register as part of the quarterly Risk Management report.</b></li> </ol>
	<p>The meeting, which commenced at 5.00 pm, closed at 5.41 pm.</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.