

MEETING**AUDIT COMMITTEE****DATE AND TIME****MONDAY 10 DECEMBER, 2012****AT 7.00 PM****VENUE****HENDON TOWN HALL, THE BURROUGHS, NW4 4BG**

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
4.	PUBLIC QUESTION TIME (IF ANY)	1 - 2

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**AUDIT COMMITTEE
MONDAY, 10 DECEMBER 2012**

ITEM 4 – PUBLIC QUESTION TIME

AGENDA ITEM 4

Note

The time allowed for questions shall be limited to 30 minutes or a maximum of 20 questions, whichever occurs first.

Any questions not answered at the meeting will be responded to in writing within 10 working days.

The questioner at the meeting may ask one supplementary question to the original question, which will be answered without discussion.

1. Mr John Dix

In relation to agenda item 6:

Please can the Chairman clarify how many electors' questions and objections were asked in order to run up such a massive bill on top of their annual audit fee?

Response

There were two electors who raised a number of questions, and there was one formal objection. Considering and responding to the questions raised, including various supplementary questions drove the amount of audit time spent and thus the level of fee. Objections require the auditor to deal with the issues raised in a prescribed manner which requires significant time and effort. Dealing with questions and objections is a formal statutory process which is defined by the Audit Commission, as are the rates that apply.

The Chairman intends to raise the matter further with external auditors during the meeting.

2. Mr John Dix

In relation to agenda item 7:

Does the Chairman think it would be prudent to budget in additional fees for electors' questions and objections given that there will be a large number questions regarding the 2012/13 accounts?

Response

A provision (a liability of uncertain timing or amount) should be recognised when:

- (a) an entity has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

As the Council has had an unqualified set of accounts for a number of years, including this year, it could not have been predicted nor budgeted for at the outset of the year (time of budget), the provision was made when the above criteria was met.

Whether it was budgeted for or not the spend represents 0.003% of the council's current budget and therefore is unlikely to distort the reporting of finances in the year. Whether it is included in next years

budget will be a decision taken by the ruling Administration at that time.

3. Mr John Dix

In relation to agenda item 9:

Given that “the structure and budget that CAFT now operate within has proven successful and provides sufficient resource and commitment that is required to carry out an effective anti fraud service and deliver the key objectives as set out within the strategy”, can the Chairman tell me what reassurances he has received that this success will continue when the Council’s finance, procurement and revs and bens departments are outsourced to locations geographically distant from Barnet?

Response

The location of services provided as part of the New Support and Customer Service Organisation (NSCSO) is not anticipated to have any impact on the structure, budget and success of the Corporate Anti Fraud Team (CAFT).

The NSCSO provider has an obligation to refer all suspected fraudulent matters to CAFT and to provide necessary access to CAFT in order to investigate any matters they consider necessary. All benefit related data matches are currently received directly into the CAFT and there is an effective electronic process in place in order for fraud referrals from the benefit service to be passed to CAFT.

In relation to all other outsourced services such as finance and procurement there will also be a new process for referring cases to CAFT; this will process will be further enhanced by ongoing liaison and fraud awareness initiatives between CAFT and the new provider.

The successful ongoing work of the CAFT and the work it carries out with its Partners such as the Department for Work and Pensions (DWP), UK Border Agency (UKBA), Barnet Group and Police will not be affected by the outsourcing.

4. Mr John Dix

In relation to agenda item 10:

Given the quite shocking no assurance opinion on the regeneration programme, does the Chairman worry that outsourcing the Regeneration department in such a state represents a major risk to the authority and is this risk included in the risk register?

Response

The Internal Audit Plan is based on the key risks of the Council, hence why it was reviewed. The Chairman and Internal Audit Officers have ensured that Regeneration was audited and that the report has come to this committee at the earliest opportunity.

Having an effective and efficient Regeneration Programme was noted as a control measure to address the risk noted on the corporate risk register ‘failure to plan for population increase’. This report gives negative assurance that this is an effective control as it currently stands. Officers are delivering an action plan to ensure that control becomes effective prior to outsourcing.

The role of Audit Committee includes highlighting risks and deficiencies and to report on the remedial actions management intend to carry out to rectify these.