

## **Decisions of the Audit Committee**

20 April 2017

Members Present:-

Councillor Brian Salinger (Chairman)  
Councillor Sury Khatri (Vice-Chairman)

Councillor Geof Cooke	Councillor Peter Zinkin
Councillor Kathy Levine	Councillor Hugh Rayner
Councillor Arjun Mittra	

Also in attendance

Geraldine Chadwick (Independent Member)  
Richard Harbord (Independent Member)

### **1. MINUTES OF LAST MEETING**

**RESOLVED** - That the minutes of the meeting held on 30 January 2017 were approved as a correct record.

### **2. ABSENCE OF MEMBERS (IF ANY)**

None.

### **3. DECLARATION OF MEMBERS' DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (IF ANY)**

Councillor Brian Salinger declared a non-pecuniary interest in Item 9, Internal Audit Opinion 2016-17, as he is the chair of governors at Moss Hall Nursery School and was at the time (but is no longer) a governor at Holly Park School.

Councillor Geof Cooke declared a non-pecuniary interest in Item 9, Internal Audit Opinion 2016-17, as he is a governor at Summerside School. He further declared that up until recently his wife had been a governor at Danegrove school and that his son was about to leave the school.

### **4. REPORT OF THE MONITORING OFFICER (IF ANY)**

There none.

### **5. PUBLIC QUESTION AND COMMENTS (IF ANY)**

The Committee noted the details of the received public questions and the public answers which were published ahead of the meeting. Responses to the supplementary public questions were provided verbally by the Chairman and Officers at the meeting.

## 6. MEMBERS' ITEMS (IF ANY)

There were none.

## 7. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND Q4 PROGRESS REPORT - 1ST JANUARY TO 31ST MARCH 2017

The Head of Internal Audit introduced the report and provided a summary of the Q3 report issued that provided limited assurance:

- Highways programme
- Estates Health and Safety
- Dollis Junior School

### Highway Programme

The Committee requested that the Highways Programme audit report is referred to the Re Review Working Group to ensure that all of the points picked up in the audit report are covered as part of the review **[ACTION]**.

The Committee further requested that these matters be brought to the attention of the Performance and Contract Management Committee **[ACTION]**

### Estates Health and Safety

The Head of Internal Audit provided a brief summary of the findings.

The interim Chief Operating Officer confirmed that action had been taken against each recommendation as detailed within appendix 2.

He confirmed that the council's Monitoring Officer had reviewed the council's corporate health and safety policies to ensure compliance – the policies are reported to the council's General Functions Committee. He further confirmed that the Monitoring Officer had looked at the systems used by CSG to both log and track compliance testing and remedial work and had confirmed the system to be robust.

Concern was expressed by the Committee around those schools that had failed to respond to requests for information. Clarification was sought on how non-responsiveness was dealt with and what action would be taken to ensure this matter is taken seriously by the school.

The Head of Estates, LBB confirmed that a clear and robust escalation protocol had now been developed. The Head of Estates, CSG confirmed a programme of testing and inspection had been undertaken which included specific compliance tests across various properties within the estate portfolio.

The Committee requested that the escalation protocol for schools compliance include a final escalation whereby the Chairs of Governors of schools that fail to respond to requests for compliance data are invited to attend whichever committee is deemed to be the most relevant to explain why **[ACTION]**

Officers agreed to also ensure that a note be included in the Weekly Schools Circular to reiterate the importance of responding to the request for up to date compliance data and

for the Director of Education & Skills to send direct to Chairs of Governors whose schools have yet to respond **[ACTION]**

The committee members requested a briefing note on how sub-contractor performance and quality is assured, and how the health and safety teams assist with workplace safety and compliance **[ACTION]**

The Interim Assurance Director confirmed for the committee that there would be a follow up audit reported in Q1, which would look to confirm if all the actions had been implemented and evidenced. She further clarified the audit would also review water safety testing.

#### Dollis Junior School

The Head of Internal Audit provided a brief summary of the findings confirmed that they had been approached by the Headteacher and governors who had concerns particularly around budget monitoring - this is where the high priority finding lay.

The school voluntary funds had been closed down in 2015. Clarification was sought as to whether between 2009 and 2015 they had been audited. The Head of internal audit confirmed that the schools Finance committee would be taking ownership of this to ensure the audit takes place.

#### **RESOLVED –**

- 1. That the Committee noted the work completed to date on Internal Audit Q4 progress report - 1st January to 31st March 2017.**
- 2. That the Committee noted the LBB Response to the internal audit report Health and Safety – Estates.**
- 3. That the Committee approved the updated Internal Audit Charter.**

### **8. CORPORATE ANTI-FRAUD TEAM (CAFT) ANNUAL REPORT 2016-17**

The interim Assurance Director introduced the report which provides an overall summary on the outcome of all CAFT work undertaken during 2016-17 including CAFT progress and outcomes set against the objectives as set out in the annual strategy and work plan.

It was noted that Tenancy Fraud and Blue Badge Fraud and misuse both featured significantly on the work programme for the last year as did the teams increased working with internal audit reviews.

The interim Assurance Director detailed for the Committee the work involved in the proactive fraud reviews conducted throughout the year and the outcome of those reviews.

With regards to blue badges 23 cases were prosecuted for fraud or misuse during the year with 43 formal cautions and 37 warning letters issued.

With regards to tenancy fraud, within the last year 64 properties were recovered through the work carried out by the Tenancy Fraud Team.

With regards to any CAFT investigation cost or confiscation that comes back through the courts or proceeds of crime or compensation, it was noted that this is logged and monitored centrally within CAFT. If it is proceeds of crime, the monies come in directly from the courts. Other monies such as costs come in via HB Public Law.

The Chairman conveyed the Committees thanks to the CAFT team for the comprehensive work undertaken

**RESOLVED - That the Audit Committee considered and commented on the CAFT Annual Report 2016 -17.**

## **9. INTERNAL AUDIT ANNUAL OPINION 2016-17**

The Head of Internal Audit introduced the report which gives an overall opinion on the system of internal control and corporate governance within the Council and that in 2016-17 the annual opinion overall is **Reasonable Assurance**.

She explained that the annual opinion is timed so as to inform the Council's Annual Governance Statement (AGS) which will be considered by the Committee in July. The opinion had identified key themes that should be considered for inclusion in the AGS, they are:

- Governance, accountability and roles and responsibilities
- Information Technology (IT)
- Contract management
- Quality Assurance systems supporting Social work practice
- Audit trails and documentation

Regarding the note under the 'Summary of worked performed table' the Head of Internal Audit confirmed the date should read \*2016/17 and not 2017/18.

**RESOLVED - That the Committeed note the contents of the Annual Internal Audit Opinion 2016-17.**

## **10. INTERNAL AUDIT & ANTI-FRAUD STRATEGY AND ANNUAL PLAN 2017-18**

The Interim Assurance Director introduced the report and provided the Committee with brief summary of work undertaken by Corporate Anti-Fraud and Internal Audit.

Regarding the Performance Indicators – Internal set out Page 156, the Committee felt that 75% target was too low agreed that the target should revert back to 90% **[Action]**

**RESOLVED - That the Committee approved the Internal Audit & Anti-Fraud Strategy and Annual Plan for 2017-18.**

## **11. EXTERNAL AUDIT PLAN 2016/17**

Mr Leigh Lloyd-Thomas from BDO presented the report.

Following consideration of the item the Committee

**RESOLVED -**

1. The Audit Committee noted BDO's audit plan for 2016/17.
2. The Audit Committee noted the fee of £170,025 for the 2016/17 audit and the fee of £20,310 for certification of the housing benefits subsidy return, as set out in paragraph 6.8.

**12. AUDIT COMMITTEE WORK PROGRAMME**

The Committee noted the work programme for 2017-18.

**13. ANY ITEM(S) THE CHAIRMAN DECIDES ARE URGENT**

There were no urgent items from the Chairman.

At the close of the meeting the Deputy Chairman, Councillor Sury Khatri extended his thanks to the Chairman, Councillor Brian Salinger, on behalf of the Committee for his effective Chairmanship of the Committee over the last year.

The meeting finished at 9.25 pm