

MINUTES OF THE AUDIT COMMITTEE

18 JULY, 2006

Present:

Councillor M.L. Bouquet (Chairman)

Mrs. M. Hyams

E. O'Hara

C.V. Strong

Officers

Deanna Harris – Head of Audit Services

Nighat Sheikh - Auditor

Trevor Baker – Senior Committee Manager

226/06 MINUTES

RESOLVED that the minutes of the meeting held on 23 May 2006 be approved as a correct record.

227/06 AUDIT SERVICES QUARTERLY REPORT

The Head of Audit Services presented the report, which gave an overview of the work undertaken by the Audit Services team during the period April – June 2006, and responded to questions from members.

She highlighted work of particular interest undertaken by Audit Services including: -

- Main financial systems
The Audit recommendations relating to: Council Tax, NNDR, Payroll, Accounting systems, Loans and Investments, Payments/Creditors, Debtors, Housing Benefit, Cash and Bank.

She commented that the findings of current checks into the validity of Single Person Discount applications relating to Council Tax would be reported to the next meeting of the Committee.

In response to a question from a Member on a payroll issue, the Head of Audit Services confirmed that if the matter had not been satisfactorily resolved by the next meeting of this Committee, the Head of Human Resources would be asked to attend and report to that meeting.

In response to a question from a Member on the subject of proof of qualifications, the Head of Audit Services advised that there was a case where proof was outstanding and this had now been referred to the Chief Executive. The Committee requested an update on the outcome at the next meeting.

- Use of Resources Assessment
A draft improvement plan was being prepared by the Heads of Audit and Financial Services.
- Risk Management
The Corporate Risk register had been redrafted. Further work on corporate risk management had been covered in a separate report on the Audit Committee agenda.
- Business Improvement Plan
Audit Services would be involved on the programme sponsors board which would initially cover Planning, Financial Services and Environment/Direct Services. Audit Services were well placed because of their wide knowledge of the authority's systems, to advise on risks and controls, and efficiency related issues.

The Head of Audit Services detailed some other areas of Audit work including

- IT Security

An improvement Plan had been prepared and the Head of IT would report progress with the implementation of recommendations to the next meeting of the Committee.

- Partnering

The Head of Audit Services provided details of discussions taking place regarding the development of further partnership working with another Surrey district.

- High Hedge Legislation

The Head of Audit Services outlined a complaint which had been investigated by Audit services regarding the Council's charges for High Hedge Legislation and had now been referred by the member of public to the Local Government Ombudsman.

Following discussion by the Committee she agreed to update at the next meeting. It was agreed that an article should be prepared for the Borough Bulletin to clarify the Council's involvement in such disputes.

RESOLVED

- 1) That the contents of the Audit Services' Quarterly Report for April – June 2006 be noted
- 2) That if the payroll issue has not been satisfactorily resolved, the Head of Human Resources be asked to report to the next meeting
- 3) That the Head of Audit Services report back on the outcome of the outstanding proof of qualification case at the next meeting.
- 4) That an article for the Borough Bulletin on High Hedges Legislation should be prepared.

228/06 CORPORATE RISK MANAGEMENT

The Head of Audit Services reported that the Council's Risk Management Policy / Strategy had been approved by the Executive in 2002. The general approach to risk management had been developed in conjunction with Baker Tilly, the Council's external auditor.

The Audit Committee was responsible for considering the effectiveness of the authority's risk management arrangements.

The Corporate Risk Register had been redrafted by the Corporate Risk Management Group and MAT. She highlighted several risks and actions to be taken during the year as examples to illustrate how the Corporate Risk Register should be used including:

- Risk of poor budgetary control
- Risk of disaster in borough
- Risk of failure of projects due to poor project management

She then outlined External Audit's findings and recommendations in their Use of Resources Assessment relating to risk management and summarised the proposals to address their recommendations.

Members expressed concerned that the Council did not have a policy to refer all crimes or suspected crimes against the Council to the police.

RESOLVED

1. that the contents of the Corporate Risk Register, be noted and approved; and
2. that a report on a policy for notifying the police of all crime and suspected crime against the Council be presented to the next meeting of this Committee.

229/06 ANTI-FRAUD AND CORRUPTION POLICY

The Head of Audit Services presented the Council's Anti Fraud and Corruption Policy which was subject to review as part of its work programme for the Audit Committee. A review of the Council's Confidential (Whistle-blowing) Code was programmed for January 2007.

It was pointed out the policy was owned by the Council and that any recommendations for amendment should be made to the Executive.

She explained that the document formed part of the Council's overall Corporate Governance arrangements and was intended to assist in reducing the risk of fraud and corruption. It referred to various aspects of external scrutiny but acknowledged the need for the Council to have it's own strategy. The key elements of the Council's strategy to combat Fraud and Corruption were: an open and honest culture, adequate preventative measures, systems for detection and investigation and understanding and awareness within the Council and the adoption of a "whistle blowing" policy.

Members expressed concern that the reporting of crimes/suspected crimes against the Council should not be left to the discretion of Officers but reported directly to the Police.

RESOLVED that the Executive be informed that this Committee notes and approves the Anti-Fraud and Corruption Policy, subject to the removal of the words "if appropriate" in the second sentence of paragraph 15 of the strategy, "15. Disciplinary action will be taken as necessary and the police informed/involved if appropriate,"

230/06 COMMITTEE WORK PROGRAMME 2006

The Committee considered its Work Programme and revisions arising from this meeting.

RESOLVED that the revised Work Programme for 2006/7 as submitted be approved.

231/06 EXCLUSION OF PRESS AND PUBLIC

RESOLVED that under section 100a(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph of part 1 of schedule 12a of the act [as amended] and as indicated below.

232/06 AUDIT SERVICES QUARTERLY REPORT SPECIAL INVESTIGATIONS FOR THE PERIOD APRIL – JUNE 2006

(Paragraph 7 - Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.)

The Committee considered an exempt report on investigations undertaken by Audit Services during the period April - June 2006.

RESOLVED that the report of Audit Services on Special Investigations be noted.