

**Minutes of the Audit Committee
26 March 2015**

Present:

Councillor M.J. Madams (Chairman)
Councillor A.C. Harman (Vice-Chairman)

Councillors:

A.C. Patterson

D. Gohil

Apologies: Councillor C.V. Strong

71/15 Minutes

The minutes of the meeting held on 22 January 2015 were approved as a correct record.

72/15 Corporate Risk Management

The Internal Audit Manager reported that the Corporate Risk Register had undergone its regular quarterly review and update by the Corporate Risk Management Group to ensure that actions were being taken to deal with the identified risks. The revised Register was considered to be an accurate reflection of the high level risks affecting the Authority as well as the progress made on actions previously proposed.

The Internal Audit Manager highlighted progress in a number of key areas which were documented on the register. She updated the Committee on the risks associated with business continuity as service business continuity plans needed updating. She indicated that the Risk and Resilience Manager needed to progress and coordinate the Business Continuity plan, providing a corporate steer and guidance to services whilst conducting frequent updating and testing of the plans.

Risks were highlighted regarding the Towards a Sustainable Future programme (TSF) which would require ongoing management. She explained that many high level risks had been highlighted and identified through project management streams. Furthermore Management Team was considering resource requirements with regards to this programme.

She further updated the Committee on the risks presented by Project Management and the reduced internal resources despite increased demand to achieve projects on time and on budget. She explained the risks regarding the capacity to deliver the current 32 projects and additional local regeneration projects were high and had capital and revenue implications.

She noted the risk presented by information governance and noted that more work needed to be achieved to mitigate the risks associated with data loss and data security, however the Information Governance Group (IGG) had been meeting regularly to address these risks and had recently produced a privacy impact policy and clear desk policy which had been implemented by

Management Team. In addition the issue of dedicated resources was a topic that would be explored further.

The Committee drew attention to the risks associated with training, in particular the absence of horticultural expertise within the Streetscene Team. The Committee were concerned that the Head of Streetscene may not have acquired the necessary training to assess the safety of trees and general grounds maintenance in terms of monitoring the grounds maintenance contract with Lotus. The Committee were concerned that this posed a significant financial risk to the Council and requested that the Head of StreetScene attend the next Audit Committee alongside delegates from Management Team to give an update on progress with training of internal horticultural expertise, to manage the grounds maintenance contract and tree maintenance works. The Committee suggested the sharing of expertise with neighbouring authorities would be an important alternative and agreed to discuss this issue further in the next Audit Committee meeting. The Committee also discussed the importance of addressing resilience with respect to the Head of Streetscene post and the Assistant Chief Executive confirmed that Management Team was addressing this.

Resolved

- (1) To note the contents of the Corporate Risk Register.
- (2) that the Head of Streetscene alongside management team delegates attend the next Audit Committee meeting to update the Committee on the progress of obtaining horticultural expertise within the Council.
- (3) To note the contents of the Corporate Risk Register and recommend it to Cabinet for approval.

73/15 External Audit Plan

The Chief Finance Officer gave an overview of the External Audit Plan report set out the auditor's two main objectives relating to the audit of the financial statements and their value for money conclusion. The plan set out the key risks the auditors had identified their approach to undertaking their work and reporting processes.

Resolved to note the External Audit Plan 2014/15 from the Council's external auditor KPMG.

74/15 Certification of Grants and Returns

The Chief Finance Officer presented the Certification of Claims and Returns annual report which had been provided by the Council's external auditor KPMG. He explained that the report summarised the work undertaken by external audit in relation to certification work on the housing benefits subsidy return and the fees associated with that work.

The Committee noted that an indicative fee for certification work in 2013/14 was £8,272. In addition KPMG's estimated fee (subject to Audit Commission approval) was £9,465 which was £1,193 higher than the indicative fee to reflect extra work arising from the issues identified.

Resolved to note the External Auditors Certification of grants and returns 2013/14 from the Council's external auditor KPMG.

75/15 Annual Internal Audit Plan 2015/16

The Head of Audit Services outlined the Internal Audit Annual Plan 2015/2016 which demonstrated how the authority would fulfil its statutory requirement to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices.'

She highlighted a number of key areas in relation to the plan including the DCLG Fraud fund project coordinated with the Surrey Counter Fraud Board which focused on wide-ranging fraud detection within the borough including illegal subletting, business rate scams and fraudulent homeless applications. Furthermore she explained that despite fewer resources in the Internal Audit team with a reduction to 1.6 Full-time Equivalent (FTE), she reassured the Committee adequate systems were in place. For example she explained service managers would be required to have more responsibility in terms of managing and auditing the way their service operates. Furthermore the Internal Audit team were no longer required to conduct the same extent of external audit work and therefore this would alleviate some pressure within the team.

The Committee requested a regular update to Audit Committee on the progress of the Fraud initiative as it could be beneficial to the Council in terms of good news stories and being firm on fraudsters within the borough.

The Internal Audit Plan Summary attached to the report set out the scope of internal audit work and reflected work relied upon by external audit.

Resolved that the Committee note the Internal Audit Plan 2015/16.

76/15 Confidential Reporting Code

The Head of Audit Services submitted the Confidential Reporting Code (Whistleblowing Policy), which formed part of the Council's Constitution, for review. The Code sets out how to raise serious concerns about any aspect of the Council's work, who to raise them with and how they should be dealt with. The Code was available on the Council's intranet; a bright orange leaflet was posted on every internal notice board and regular reminders were given to staff of its existence.

The Committee recommended that the leaflets be displayed on toilet doors and on walls near printers to get the most coverage across the Council offices. Furthermore the Committee recommended that the post be updated to include the contact details of the Chairman and Vice chairman of the Members' Code of Conduct Committee.

Resolved to note and approve the Confidential Reporting Code (Whistleblowing Policy) as submitted.

77/15 Anti-Fraud, Bribery and Corruption Strategy

The Head of Audit Services presented the report on the annual review of the Anti-Fraud, Bribery and Corruption Strategy. She highlighted the steps taken in the past year to improve fraud awareness for all staff and members through the circulation of fraud awareness leaflets.

The Committee noted that a new CIPFA Code of Practice on managing the risk of fraud and corruption had been published and that the strategy had been updated to reflect those changes.

Resolved:

- (1) That the Committee endorses the Council's Anti-Fraud, Bribery and Corruption Strategy.
- (2) That the Committee notes the Council's position regarding CIPFA's Code of Practice on managing the risk of fraud and corruption.

78/15 Committee Work Programme 2015/16

The Committee considered its Work Programme for the forthcoming Municipal year of the 2015/2016.

The Head of Audit Services requested that Members submit to her any areas where they would like to see coverage in the Audit Plan due to be presented at the next meeting.

Resolved:

- (1) that the Head of Streetscene alongside management team delegates attend the next Audit Committee meeting to update the Committee on the progress of obtaining horticultural expertise within the Council.
- (2) that the Committee Work Programme for the forthcoming Municipal year 2015/16, be approved.