



Please reply to:

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Date: 11 May 2016

Notice of meeting

Audit Committee

Date: Thursday, 19 May 2016

Time: At the conclusion of the Annual Council Meeting

Place: Council Chamber, Council Offices, Knowle Green, Staines-upon-Thames TW18 1XB

To the members of the Audit Committee

The members to serve on this Committee will be appointed at the Annual Council meeting taking place at 7.30pm on Thursday 19 May 2016.

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

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AGENDA

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1. Appointment of Chairman

To appoint the Chairman of the Audit Committee for the next municipal year 2016-17.

2. Apologies

To receive any apologies for absence.

3. Minutes

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To confirm the minutes of the meeting held on 24 March 2016.

4. Appointment of Vice-Chairman

To appoint the Vice-Chairman of the Audit Committee for the next municipal year 2016-17.

**Minutes of the Audit Committee
24 March 2016**

Present:

Councillor M.J. Madams (Chairman)

Councillors:

S.A. Dunn

H.A. Thomson

Apologies: Councillors A.C. Harman and D. Saliagopoulos

66/16 Minutes

The minutes of the meeting held on 24 September 2015 were approved as a correct record.

67/16 Disclosures of Interest

There were none.

68/16 Annual Audit letter 2014-15

The Deputy Chief Executive gave a summary of the Annual Audit Letter from the external auditors, KPMG, which issued an unqualified conclusion of the Council's arrangements to secure value for money (VFM) conclusion for 2014/15 and of the Authority's financial statement on 28 September 2015. He informed the Committee that KPMG were satisfied that the Council had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness and that the financial statements gave a true and fair view of the financial position of the Council and of its expenditure and income for the year.

In addition the Deputy Chief Executive drew the Committee's attention to the outstanding high priority recommendation from the ISA 260 report 2013/14. He reassured the Committee that this would be resolved in the annual review conducted by Accountancy.

The Committee queried the process of appointing external auditors and whether a review should take place. The Deputy Chief Executive explained that up until 2017 local authorities have had no choice over appointment of their external auditors but that that will change when we participate in a national or Surrey procurement arrangement. The Committee noted that KPMG had been the external auditors for around 13 years.

Resolved to note the external auditor's Annual Audit Letter 2014-15.

69/16 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 and Management Team to ensure that actions were being taken to deal with the identified risks. She explained that Cabinet would now receive the Corporate Risk Register on a quarterly basis to ensure that significant issues and risks affecting the authority are highlighted to the Cabinet and relevant Portfolio Holders.

The Internal Audit Manager summarised the risks affecting the Council, as outlined in the report specifically the Corporate Health and Safety, business continuity plans, service planning, the Towards a Sustainable Future (TaSF) project, the amount of projects, staff morale and the procurement and contracts of the authority.

The Committee was concerned about the risks associated with the failure of delivering high quality services to residents if services become under-resourced. The Committee noted that there had been difficulties with the recruitment and retention of certain positions at the Council. The Deputy Chief Executive reassured the Committee that the Management Team were very mindful of these issues and were finding ways to address them such as recruitment and retention allowances and the broader advertisement of posts. The Committee suggested the introduction of internships and apprenticeships to fill these vacant posts as the post holders would be low cost and the roles have development opportunities which could be more enticing.

The Committee focused on the risks associated with corporate fraud and the successful investigations that had occurred in the last quarter. The Committee noted the good returns of £271,000 received at the end of December 2015 from a non-benefit fraud investigation of avoidance of business rates. The Committee noted the success of joint working with other Surrey borough and the fact that this had promoted more robust services and access to information to combat fraud.

The revised register was considered to be an accurate reflection of the high level risks affecting the Authority and progress on actions was documented on the register.

Resolved that:

- 1) The contents of the Corporate Risk Register be noted and accepted;
- 2) That the Corporate Risk Register be recommended to Cabinet for approval.

70/16 Confidential Reporting Code (Whistleblowing Policy)

The Internal Audit Manager 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 words harassment and bullying be included on the poster to increase awareness of those problems in the workplace. Furthermore the Committee asked for the inclusion of user friendly links on the leaflets as currently the link would be difficult for members of staff to remember.

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

71/16 Annual Internal Audit Plan 2016-17

The Internal Audit Manager outlined the Annual Internal Audit Plan 2016-2017 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 planned audits for 2016-17 and the key risk implications associated with certain areas including:

- Health and Safety
- Contaminated Land
- Recruitment and Retention
- Information governance and security
- Housing Service
- Financial
- ICT
- Procurement / Contract management/Appointment of Consultants
- Fraud
- Corporate
- Projects
- Council functions

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 2016-17.

72/16 Anti-Fraud, Bribery and Corruption Strategy

The Internal Audit Manager 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 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Code of practice on 'Managing the risk of fraud and corruption', which highlighted that leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. The committee noted that the strategy had been updated to reflect those changes.

The Committee noted that the Internal Audit team had received funding in 2015 within to investigate fraud and funding (£60k) from the Department of Communities and Local Government through a joint bid with six boroughs and the County Council to tackle non-benefit fraud during 2015/16.

The Internal Audit Manager reiterated that managers are responsible for identifying fraud and corruption risks in their services, and for operating systems of control to prevent and detect fraud.

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.

73/16 Committee Date Reschedule

The Committee noted that some officers and councillors would be unable to attend the next Audit Committee scheduled for 23 June 2016 as it fell on the same date as the EU Referendum.

Resolved that the next Audit Committee scheduled for 23 June 2016 be postponed to 7 July 2016 at 7.30pm.

74/16 Committee Work Programme

The Committee considered its Work Programme for the forthcoming Municipal year 2016-17.

Resolved that the Committee Work Programme for the forthcoming Municipal year 2016-17, be approved.