

AUDIT COMMITTEE

TUESDAY, 26 JANUARY 2010

PRESENT:- Councillors Michael Dickinson (Chair), Des Moffatt (Vice-Chair), Steve Allsopp, Nick Martin, Mary Martin and Eric Shaw

Apologies for absence were received from Councillors Peter Stoddart.

35. Councillor Peter Stoddart

The Chair advised the Committee that Councillor Peter Stoddart was absent after being submitted to hospital for minor surgery. On behalf of the Committee the Chair wished Councillor Peter Stoddart a full and speedy recovery.

36. Declarations of Interest

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting.

37. Public Question Time

No questions were asked under Standing Order 18.

38. Minutes

Resolved - That the minutes of the meeting held on 24th November, be confirmed and signed.

39. Update on progress of Internal Audit's review of the Payroll system

The Committee received an Interim Progress Report in relation to the review of the Council's payroll system in advance of the Committee's consideration of the results of the Audit review at its March meeting. The Director of Human Resource and Change was in attendance and assured the Committee of the level of importance afforded to the review and advised that a great deal of work had been carried out on the payroll system in response to previously identified problems and it was his hope that the positive effect of these improvements would be reflected in the Audit review. In response to a query by Councillor Nick Martin, the Director confirmed that an accurate count of the number of staff employed by the Council was available, this subject to minor weekly variations, and agreed that this information be made available to Members of the Audit Committee.

40. Risk Management Status Update

The Committee received a Summary Report on risk management activity within the Council, focusing on:

- the Council's Risk Management Strategy;
- the updating of the Corporate Risk Register and the introduction of the standard corporate format for Risk Registers;

- the Council's Insurance Policy and claims related issues;
- business continuity management; and
- civil contingencies issues.

The Council's Head of Performance and Risk attended the meeting to introduce the report. She advised that the temporary appointment of a new Head of Performance and Risk on a fixed year contract to provide cover while she was absent on maternity leave was imminent, and suggested that the new appointee might attend the first available meeting of the Audit Committee to present the updated Corporate Risk Register which was due to be considered by the Corporate Board in February.

Resolved – (1) That the summary of risk management activity within the Council and the contents of the Report be noted.

(2) That this Committee thanks Alex Bedford, the Council's Head of Performance and Risk, for her hard work in introducing a much improved risk management function within the Council and wishes her well for her period of absence from the Council on maternity leave.

(3) That the officers review the Audit Committee's work programme to accommodate the presentation of the updated Corporate Risk Register at some point after the new Risk Manager is appointed.

41. Work undertaken by other Committees

The Committee considered a report of the Head of Internal Audit on how it might best be kept advised of "work undertaken by other Committees of the Council so it can take account of any significant control issues". It was noted that the recognition by Audit Committees that other Committees of the Council can contribute to its assurance framework, and the importance of them taking account of any significant control issues identified by other Committees, was identified as good practice and featured in the use of resources assessment theme: Internal Control (KLOE 2.4).

Resolved – (1) That, for the remainder of this Municipal Year, the reports to Council on the meetings of its Scrutiny and Standards Committees, and its Overview and Scrutiny Committees, be submitted to this Committee for consideration in order that Members might review the work of these Committees and identify any significant control issues that may arise.

(2) That the Corporate Governance Working Party be recommended that, with effect from the start of the Municipal Year 2010/11, in order that the Committee might be kept advised of work undertaken by other Committees, the Chair of the Audit Committee be appointed an ex officio non-voting Member of all Standing Committees of the Council.

(3) That, in response to members' request that the Council's decision to enter into an agreement with Digital City (UK) Limited to deliver a Wi-Fi network across the borough be the subject of an internal audit review, the Head of Internal Audit, in consultation with the Director of Law and Democratic Services, be asked to prepare a scope of audit that addresses the following issues raised during the Committee's debate of the matter, and that this be submitted to the Chair and Vice-Chair for approval and to all other members of the committee for information:

- should a Value For Money review of the proposal have been undertaken by PAG
- what level of research was undertaken to evaluate the financial security of the public loan made in support of the initiative
- were CIPFA regulations relating to treasury management adhered to,

- particularly in relation to the application of appropriate financial controls
- were EU directives in respect of fair competition considered, particularly in relation to the commercial partner's access to public street furniture and to the Council's own ICT infrastructure
- will the decision making process used be the subject of evaluation, to identify and address flaws and develop the best model for similar public and commercial sector partnerships in future

42. External Audit Progress Report and Briefing Note

Mr Peter Smith of the Audit Commission attended the meeting to present the January 2010 External Audit Progress Report, summarising the External Auditors' delivery against the Audit Plan and highlighting key emerging national issues and developments which might be of interest to the Committee. It was noted that a briefing note had been appended to the progress report highlighting several matters that the Committee might wish to consider in order to ensure that it is received sufficient assurance on the emerging issues.

Resolved – That the External Audit Progress Report for the period to January 2010 and the issues identified in the Briefing Note be noted.

43. Strategic Fraud Update

The Head of Internal Audit submitted a report providing the Committee with information on a number of developments regarding fraud in the public sector and advising on the response of Internal Audit and the Benefits Fraud Team to these developments.

Resolved – (1) That the report be noted.

(2) That, in response to Members' comments regarding the performance of the Council's Benefits Fraud Team, the Head of Internal Audit obtain comparative data from the Benefits Fraud Manager in respect of both the size of the Benefits Fraud Teams of other local authorities and the level of their effectiveness in identifying overpayments of Housing and Council Benefit.

44. Anti-Fraud & Corruption Strategy and Whistleblowing Procedure

The Council's Monitoring Officer and Head of Internal Audit submitted a report advising the Committee of a pending review of the Council's anti-fraud and corruption strategy, and its whistleblowing policy and fraud response plan, and inviting Members comments on the strategy and the associated documentation as part of the consultation with relevant parties.

Resolved – That the report be noted and that Members be invited to advise the Head of Internal Audit of any comments and observations they might wish to make in support of the Council's review of its anti-fraud and corruption strategy and whistleblowing policy.

45. Head of Internal Audit Update

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee in November 2009, and progress against the annual internal audit plan. The report also addressed staffing issues within Internal Audit.

Resolved – (1) That the report be noted.

(2) That, in accordance with the Committee's practice of considering audit reports where the overall evaluation was classified as being of 'significant risk' or 'of concern', the following Internal Audit reports be submitted to the next meeting:

- Deputyships
- Recoupment
- Greendown School

(3) That the Director of Housing and Social Care and officers within the Housing Rents section be thanked for their hard work and congratulated on the achievement of the highest audit opinion of service.

46. Internal Audit reports identifying significant risk or 'of concern'

The Head of Internal Audit submitted a report providing the Committee with an update on the current position regarding recommendations arising from the internal audit review of mobile phones procedures, finalised in December 2009 when an overall risk assessment of "of concern" was given. Dave Titcombe, the Council's IT Business Partner, was in attendance to respond to Members' questions on particular matters arising from the review and in relation to the management response to the audit review's key recommendations. Issues raised by Members included:

- non-compliance with mobile phone guidance and the Office of Government Commerce (OGC) contract;
- the identification of mobile phones utilising alternative networks;
- misappropriation of mobile phones and non-compliance with financial regulations;
- the segregation of duties for the purchasing receiving, issuing and payment for a mobile phone;
- the Council's mobile phone policy and the monitoring of breaches of the code;
- asset ownership and the recovery of mobile phones and other assets when an officer leaves the employment of the Council;
- the review of Council's Telephony Contract.

Resolved – That the report be noted and that Mr Titcombe be thanked for attending the meeting to respond to Members questions.