

## CHILTERN DISTRICT COUNCIL

### MINUTES of the Meeting of the AUDIT COMMITTEE held on 19 FEBRUARY 2014

**PRESENT:** Councillor J L Gladwin - Chairman

Councillors: A K Bacon  
J S Ryman  
C J Wertheim

**APOLOGIES FOR ABSENCE** were received from Councillors A D Garnett, D W Phillips and F S Wilson

#### 21 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting held on 26 September, copies of which had been previously circulated, were agreed by the Committee and signed by the Chairman as a correct record.

#### 22 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 23 INTERNAL AUDIT PROGRESS REPORT

Members of the Audit Committee received a report outlining the progress with the Internal Audit work. Chris Harris from TIAA was in attendance to update the Committee. Councillors noted that disciplinary action had been taken in response to a security incident concerning the DWP's Customer Information System. Councillors were advised that the breach of security was identified by the DWP, and that staff had been warned about improper use of the system.

Councillors noted that there were three priority 2 recommendations concerning data quality. Guidance was being produced for day-to-day Data Quality requirements, and this was due to be implemented in July 2014. It was questioned whether this could be implemented any sooner, and it was advised that Officers were looking at harmonising the approach across both councils. A policy was stated to be in place, but it had not been renewed or revised for a period. Members requested an update on the progress of this at the next meeting. It was stated that an e-learning module was to be introduced by June 2014 covering this and a number of other related topics, and staff would have to complete this as part of their induction.

Concern was raised about the effects of the transformation programme on staff, and asked that any impact of this be identified and noted. It was stated that there had been no real increase in priority 1 recommendations, and that the trends would be compared over coming years.

The Internal Audit identified two recommendations for the Crematorium, and Councillors were advised that both of the recommendations had been carried out.

The Committee were advised that the Contracts Register was not up to date. It was suggested that updating the register was added to the contract procedure rules. Councillors expressed concern that not all Heads of Service had responded to Internal Audit's request for information and stated that it should be reported to Management Team if any do not respond in the future. It was noted that the Internal Auditor had access to Management Team if there was no cooperation from the Heads of Service. The Committee was advised that once a joint Finance team is in place responsibility for overseeing the update of the joint contracts register will be assigned to one officer. The proposed new Contracts Procedure rules also state more clearly that once the contract is in place that person must let finance know.

It was noted that some contracts were not signed by the time the service commenced. Councillors were advised that the Council was not always in control of getting the contract signed, but it was stated that there was a legal obligation from both sides regardless of whether the contract was signed.

One of the recommendations in the Internal Audit was that all contracts should be signed before the start date of the contract. Members questioned whether this was practical, and stated that the recommendation was too strong. The Audit Committee were advised that the recommendation was best practice, and the risk surrounding the contract increased if the contract were not signed.

The Internal Audit identified one recommendation in reference to creditors. As a result, officers would be reminded to verify any change in suppliers' bank details with an independent source at the relevant company. This was stated to be an important control to prevent fraud.

*Note: Councillor Wertheim entered the meeting at 6.37pm.*

### **RESOLVED:**

**That the Internal Audit Progress Report be noted.**

## **24 STRATEGIC AND ANNUAL PLAN REPORT 2014-2015 TO 2018-19**

The Audit Committee received a report providing the proposed five year internal audit plan. The intention is that all significant systems are subject to review over the five year period. It was noted that an annual plan was prepared prior to the start of each financial year.

Members questioned the timing of the planning audit, as there had been changes but no audit was planned until 2015. The Committee were advised that the plan spans five years, and that the planning department had recently

been audited. The Planning Policy team's light touch shared service review would be completed by the end of the year and it was noted that there would be no organisational change to the Planning and Enforcement team until the end of 2015. The Audit Committee was advised that there were few problems in Chiltern, and there was little concern regarding Planning.

One Councillor stated that they would like consideration to bringing forwards the next Building Control audit, as they would like to see this brought forwards. It was noted that Building Control would be in a shared service with South Bucks District Council from 1 April 2014 and it would therefore not be possible to review it until September at the earliest.

**RESOLVED:**

**That the Strategic and Annual Plan Report 2014-15 to 2018-19 be noted.**

**25 JOINT COUNTER FRAUD ANTI-BRIBERY AND CORRUPTION POLICY 2013/14; JOINT WHISTLEBLOWING POLICY; STAFF DECLARATION; AND PROCUREMENT FRAUD ANTI-FRAUD MEASURES**

The Members of the Audit Committee were asked to comment on the proposed Joint Counter Fraud, Anti-Bribery and Corruption Policy and the Joint Whistleblowing Policy. Members were advised that these policies would also be considered by the Standards Committee. It was noted that each Council would remain responsible for any issues, but that it would be beneficial to have a joint approach across the councils. The Committee recommended that the Audit Manager should report all instances of proven fraud and corruption to the Management Team and the Cabinet as well as the External Auditors.

**RESOLVED:**

- 1. That the Joint Anti-Fraud, Bribery and Corruption Policy 2013/14 be noted, and**
- 2. That the Joint Whistleblowing Policy be noted.**

**26 POTENTIAL IMPLICATIONS OF THE INTRODUCTION OF DWP'S SINGLE FRAUD INVESTIGATION SERVICE**

Councillors received a report detailing the Department for Work and Pension's intention to create a Single Fraud Investigation Service to carry out fraud investigations relating to the majority of welfare benefit frauds, which would be phased in during the 2014/15 financial year. It was noted that this would have a significant impact on local authorities. The new system would include some fundamental changes, including a split between people who manage housing benefits and those who investigate potential fraud.

The Council would be supporting representations by authorities to the Department for Work and Pensions on the issues raised by the Department's proposals. Councillors were advised that Councils were not being consulted on this change. It would be necessary for the Council to retain resources to detect fraud, and therefore staff would not be transferring to the DWP, and members supported this approach. It was suggested that it may be possible to explore the opportunity to extend joint working beyond the shared service with South Bucks District Council.

**RESOLVED:**

**That the report be noted.**

## **27 HARMONISED CONTRACTS PROCEDURE RULES**

The Audit Committee received a report proposing Harmonised Contracts Procedure Rules for Chiltern and South Bucks District Council. The current procedure rules differ for each Council and it was stated that harmonised processes would achieve operational effectiveness in light of the shared service arrangements. It was advised that the Audit Committee at South Bucks District Council had considered the proposed harmonised procedure rules and had recommended that they be approved.

Members stated that extra checks should be added to the procedure for the purchasing of goods / services of up to £5,000 as the draft procedure rules require only one quote to be sought and this can be signed off by a single officer. It was suggested that a second person be involved in the awarding of the work. It was noted that tenders of over £50,001 would need to make reasonable efforts to receive four sealed tenders.

**RESOLVED:**

**That the Harmonised Contracts Procedure Rules be recommended to full Council for approval.**

## **28 CERTIFICATION OF CLAIMS**

The Members of the Audit Committee received the certification of claims and returns annual report from Ernst and Young LLP. The report related to the 2012/13 Audit. It was noted that a qualification letter had been issued to Housing Benefits. Councillors were advised that it was unusual for a qualification letter not to be issued to a Housing Benefit team because of the amount of work carried out.

**RESOLVED:**

**That the report be noted.**

**29 WORK PROGRAMME**

The Committee considered the work programme, and

**RESOLVED:**

**That the work programme be noted.**

**The meeting ended at 8.37 pm**