

AUDIT COMMITTEE

Meeting - 27 March 2014

Present: Mr Hollis (Chairman)
Mr Hardy, Mr Anthony, Mr Bradford, Dr A Dhillon and Mrs Wallis

38. MINUTES

The minutes of the meeting of the Committee held on 5 December 2013 were confirmed and signed by the Chairman.

39. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a progress report from TIAA on Internal Audit including details of the audits carried out since 1 April 2013 as set out in a table in paragraph 4 of the appendix, which also set out changes to the annual plan 2013/14, as well as the progress against the annual plan for 2013/14.

In the discussion which followed, the importance of ensuring that all staff, including temporary and agency staff, sign up to the Council's data protection policy was emphasised. It was agreed that the suggestion that staff, who handle personnel and sensitive data, should sign a confidentiality agreement be explored further.

The Committee also suggested that the Council could look at online training in information governance for staff and that agency staff should ideally have undertaken independently and been certified in such generic training prior to being employed at the council as part of their qualifications for a post.

RESOLVED that the progress against the Internal Audit Plan and findings arising from the Internal Audit Work be noted.

40. INTERNAL AUDIT STRATEGIC AND ANNUAL PLAN REPORT 2014/15 TO 2018/19

Each year the Council is required to produce an Internal Audit Strategic Plan and Annual Plan and the Committee accordingly considered a report from TIAA on the Internal Audit Strategic Plan 2014/15 to 2018/19 and Annual Plan Report 2014/15.

In the discussion which followed, it was confirmed that, whilst the number of audit days was currently predicted as being more than 140 in 2015/16 and onwards, unless a decision was made to change this number in the future, the auditors would only be carrying out a maximum of 140 audit days per year. The predicted number of days each year was likely to be reduced for those services which become shared with Chiltern District Council.

In response to a concern which was raised regarding the fact that no days had been allocated to auditing the business/marketing plan for Farnham Park Charitable Trust, it was confirmed that the plan would be looked at as part of the days allocated for contingency time. It was noted that the new South Buckinghamshire & Farnham Park Advisory Committee would be responsible for monitoring the performance of the Golf Club based on the business/marketing plan.

In connection with the column headed 'frequency of review' in the table under paragraph 7 of the appendix, the Committee agreed to add the following wording to the last row so that the frequency of review for other areas of core financial and operational activity reads 'these will be reviewed using a two to five year rolling cycle unless the Audit Committee request otherwise.'

With regard to the Annual Internal Audit Plan 2014/15, it was agreed that car parking should be an assurance review rather than an operational review.

RESOLVED that, subject to the incorporation of the above comments, the Internal Audit Strategic Plan 2014/15 to 2018/19 and the Annual Plan Report 2014/15 be noted.

41. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2012-2013

Section 28 of the Audit Commission Act 1998 requires auditors to certify specific claims and returns.

The Committee received a report from Ernst and Young LLP which set out the findings of two reviews carried out in 2012/13 into Housing and Council Tax Benefits Scheme and National Non-Domestic Rates Return. The proposed fee for 2012-13 is £34,315 which compares to a charge of £59,230 in 2011-12.

RESOLVED that the report be noted.

42. JOINT WHISTLEBLOWING AND JOINT ANTI-FRAUD BRIBERY & CORRUPTION POLICIES

The Committee received a report which asked the Committee to consider whether to recommend to Council that it adopts the new Joint Anti-Fraud & Corruption Policy and Joint Whistleblowing Policy.

Both Chiltern District Council and South Bucks District Council have existing Anti-Fraud and Corruption Policies, which are due for renewal and require updating to reflect changes to legislation. The new Joint Anti-Fraud & Corruption Policy, attached as appendix 1, has been updated to incorporate the Councils' responsibilities identified in the Bribery Act 2010.

Both councils have whistleblowing policies and procedures that underpin the Anti-Fraud and Corruption Policies. The new Joint Whistleblowing Policy, attached as appendix 2, incorporates the latest guidance as recommended by the Charity "Public Concern at Work" and complies with the statutory requirements of the Public Interest Disclosure Act 1998.

In response to a question, the Committee were advised that the new policies were very similar to the old South Bucks District Council policies.

With regard to the last paragraph of the Joint Whistleblowing Policy, the Committee requested that the details of those bodies which staff could contact if they were dissatisfied, be listed in the last paragraph for ease of reference.

RECOMMENDED to Council that the following policies be adopted:

1. The Joint Anti-Fraud & Corruption Policy
2. The Joint Whistleblowing Policy

43. SINGLE FRAUD INVESTIGATION SERVICE

The Committee received a report which detailed the Department for Work and Pension's (DWP) intentions to create a Single Fraud Investigation Service (SFIS) to carry out fraud investigation relating to the majority of welfare benefit frauds. The report advised the Committee of the potential implication for South Bucks District Council and asked Members to comment on future options for South Bucks.

DWP intended to introduce the Single Fraud Investigation Service (SFIS) in a phased approach in the financial year 2014/15. It was estimated that a figure of 860 local authority fraud staff nationally would be incorporated into the new service. This would include managers, investigators, and any support staff directly involved in benefit fraud investigation work.

The report set out a number of options regarding the Council's future approach to fraud investigation and prevention. A report would be submitted to the Audit Committee for a decision, detailing the impact and options available once timescales and actions have been agreed with DWP.

Having considered the various options, the Committee's preferred option was to explore the potential for a county wide fraud team looking at the residual roles after the Single Fraud

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Investigation Service on a county wide basis. The Committee noted the importance of ensuring that the county wide team would be responsible for carrying out fraud prevention work as well as investigation. In response to a question, it was confirmed that the team would need to be self-financing by generating income / savings.

RESOLVED that

- the report be noted.
- the option to explore the potential for a county wide fraud team looking at the residual roles after the Single Fraud Investigation be noted as the Committee's preferred option.
- a report be submitted, once timescales and actions are agreed with DWP, detailing the impact and options available so that a final decision can be taken.

44. **AUDIT WORK PROGRAMME**

The Committee received a work programme for future meetings in 2014/2015.

45. **STANDARDS WORK PROGRAMME**

The Committee noted the Standards Work Programme.

46. **ERNST AND YOUNG AUDIT PLAN 2013/2014**

The Committee considered the Audit Plan of Ernst and Young LLP setting out how they intended to carry out their responsibilities as the Council's auditors in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements.

The Plan set out, amongst other things, an assessment of the key strategic or operational risks and the financial statement risks (e.g. fraud) facing the Council and the processes Ernst and Young intended to adopt when carrying out the audit.

Following a discussion on the implications of the changes to the non-domestic rates appeal process, the Committee indicated that it was satisfied that the Plan met its expectations.

RESOLVED that the Plan for the 2013/14 Audit be agreed.

The meeting terminated at 7.00 pm

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