

AUDIT COMMITTEE

Meeting - 15 January 2015

Present: Mr Hardy (in the Chair)
Mr Anthony, Mr Bradford and Mrs Wallis

Also Present: Chris Harris – TIAA (Internal Auditor)
Sue Gill- Ernst and Young (External Auditor)

Apologies for absence: Mr Hollis and Dr A Dhillon

22. MINUTES

The minutes of the meeting of the Committee held on 18 September 2014 were confirmed and signed by the Chairman.

23. DRAFT STANDARDS WORK PROGRAMME 2015/16

The Committee considered the draft standards work programme for 2015/16.

The Committee were provided with an update on the standards training which would take place as part of the Member Induction Programme following the May 2015 election.

RESOLVED that the standards work programme for 2015/16 be approved.

24. APPOINTMENT OF INDEPENDENT PERSON

The Committee received a report which asked Members to consider arrangements for the appointment of an Independent Person following the resignation of one of the current post holders.

The Council on 24 July 2012 appointed Mrs Jitinderpal Nandhra and Mr Trevor Dobson as Independent Persons for a 5 year term. Unfortunately, due to a change of personal circumstances Mrs Nandhra tendered her resignation with effect from 31 December 2014. The second Independent Person, Mr Dobson, continues to be available to advise the Council. However, the need to appoint two Independent Persons in case of absence or conflicts of interest was acknowledged by Council in 2012 and is also considered to be best practise.

A job description and person specification for the Independent Persons role was agreed by the Council in 2012 and was attached at Appendix 1 to the report. The Committee were advised that this remains relevant and appropriate for use in seeking applicants to fill this vacancy.

If the Committee agreed to proceed, an advert would be placed in local papers inviting applications and also published on the Council's website, together with information about the standards framework, guidance on the statutory criteria and an application form. It was recommended that applicants be interviewed by a panel comprising the Director of Resources, Monitoring Officer and Chairman of this Committee with a view to the Director of Resources recommending an appointment to Full Council on 21 April 2015.

RESOLVED that

- 1. agreement be given to advertise for an Independent Person to fill the current vacancy.**

2. the job description and person specification set out at Appendix 1 be approved for recruitment purposes.
3. the Director of Resources in consultation with Chairman of Audit Committee and the Monitoring Officer be authorised to make a recommendation for appointment to Full Council following receipt of applications and interviews.

25. SOUTH BUCKS FRAUD BRIEFING

The Committee received a presentation by Ernst & Young LLP entitled 'Protecting the Public Purse Fraud Briefing 2014' which was produced by the Audit Commission.

The purpose for the fraud briefing was as follows:

- To provide an information source to support councillors in considering their fraud detection activities
- To extend an opportunity for councillors to consider fraud detection performance, compared to similar local authorities
- To give focus to discussing local and national fraud risks, reflect on local priorities and the proportionate responses needed
- To be a catalyst for reviewing the Council's current strategy, resources and capability for tackling fraud

After an explanation on interpreting fraud detection results, the briefing set out the local context for South Bucks in 2013/14 comparing the fraud detection results for South Bucks and statistical neighbours and other districts in the county.

The briefing then highlighted the issue of housing tenancy fraud. The Prevention of Social Housing Fraud Act 2013 criminalises tenancy fraud and gives councils investigatory powers and the ability to prosecute tenancy fraudsters on behalf of housing associations. The importance of working in partnership with local housing associations on this issue was stressed.

The briefing then set out information on the detection of the following other types of fraud in South Bucks comparing the fraud detection results for South Bucks and statistical neighbours and other districts in the county:

- Procurement
- Insurance
- Economic and third sector
- Internal

The Committee were advised by the Head of Customer Services that from the 1 March the Council's responsibility for investigating housing benefit fraud would be transferred to Department for Work and Pensions (DWP). The work in detecting and preventing housing benefit fraud is done under a joint agreement with Chiltern District Council. The local priorities for the fraud team going forward were now:

- Council tax
- Council Tax Support Scheme
- Error in case loads e.g. not declaring a change of circumstances
- Housing tenancy fraud
- Business rate avoidance

Whilst the bid to DCLG to look at a County wide approach to fraud had not been successful, the Council would continue to look into options for collaborations on fraud prevention in the future.

It was noted that an annual update on fraud had been added to the Audit Committee's work programme.

RESOLVED that the briefing be noted.

26. **JOINT RISK MANAGEMENT STRATEGY AND GUIDANCE REPORT**

The Committee received a report seeking approval for the Joint Risk Management Strategy and Risk Management Guidance.

As a result of the shared service arrangement between Chiltern and South Bucks District Councils many corporate documents have been reviewed with joint strategies and protocols put in place. The two authorities' Risk Management Strategies and Risk Management Guidance have accordingly been reviewed and a Joint Risk Management Strategy and Guidance note was attached at Appendix 1. The Committee were advised that no fundamental changes in principle or approach have been made to the new strategy and guidance and that the changes being made were operational in nature. Both Audit Committees were being asked to approve the joint document.

In response to a question, the Committee were provided with information on the Council's business continuity plan.

RESOLVED that the Joint Risk Management Strategy and Risk Management Guidance be approved.

27. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered an Internal Audit progress report from TIAA including details of the audits carried out since 1 April 2014 set out in a table in paragraph 4 of the appendix, which also set out changes to the annual plan 2014/15, as well as progress against the annual plan for 2014/15.

The Committee noted with concern the priority one recommendation which had been made following the additional audit of Environmental Services. The Committee made some suggestions regarding the need for extra controls to be put in place and asked that these be fed back to the Head of Service. The Committee requested that an update on progress be submitted to a future meeting.

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

28. **COMPARISON OF INTERNAL AUDIT ASSURANCE LEVELS**

The Committee received a report from TIAA providing a comparison of assurance levels for the various systems audited between the years 2011/12, 2012/13 and 2013/14 as set out in a table in paragraph 2 of the Appendix.

Whilst the trend indicates a reduction in the assurance levels from 2011/12 to 2012/13, this has not continued into 2013/14 as there has been a slight increase in the number of substantial assurance audits in 2013/14. The Committee were advised that at this time there was no indication that the overall control framework at South Bucks had significantly reduced as a result of the joint working with Chiltern Council and the transformation arising from the service reviews. Further trends would be undertaken at the end of 2014/15 financial year.

RESOLVED that the report be noted.

29. **AUDIT WORK PROGRAMME**

The Committee considered the draft audit work programme for 2015/16.

RESOLVED that the audit work programme for 2015/16 be approved

30. **ANY OTHER BUSINESS**

None

31. **CERTIFICATION OF CLAIMS AND RETURNS REPORT 2013-14**

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 the review carried out in 2013/14 into Housing Benefits Subsidy Claims. The proposed fee for 2013-14 was £22,957, compared to an indicative fee of £29,832. The reduction from the indicative fee reflects the removal of council tax benefit from the scheme and the fact that the auditors needed to do significantly less work than in 2011-12, which was the base year for setting the scale fee.

RESOLVED that the report be noted.

32. **EXEMPT INFORMATION**

The Chairman to move the following resolution:-

“That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act”

33. **EXTERNAL AUDIT CONTRACT FOR THE FARNHAM PARK PLAYING FIELDS**

(Para 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information))

The Committee received a report which updated Members on quotations received on the contract for the External Audit of the Farnham Park Playing Fields Charitable Trust for a three year period commencing with the Accounts for 2014/15.

The Committee were advised that two companies had submitted tenders for this contract, details of which were set out in the report. The comments of the Committee were sought before the Head of Finance and the Director of Resources exercises the authority delegated to them under the Contracts Procedure Rules to award a contract for the External Audit of the Farnham Park Playing Fields Charitable Trust.

Having considered the submissions, the Committee endorsed the Officers' recommendation to award the contract to Wilkins Kennedy as it was the most economically advantageous.

RESOLVED that the report be noted.

The meeting terminated at 7.05 pm