

## **AUDIT COMMITTEE**

### **Meeting - 28 June 2016**

Present: Mr Bradford (Chairman)  
Mr D Smith, Mrs Gibbs and Mr Sangster

Apologies for absence: Mr Hogan and Mr Hollis

#### **3. MINUTES**

The minutes of the meeting held on 17 March and 10 May 2016 were confirmed and signed by the Chairman.

#### **4. EXTERNAL AUDIT AND CERTIFICATION FEES 16/17 LETTER**

The Committee received a letter from Ernst & Young LLP which confirmed the audit and certification work that was proposed to be undertaken at the Council for the 2016/17 financial year.

The letter detailed the indicative audit fee which reflected the risk based approach to audit planning as set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies. The letter also advised the indicative certification fee was based on actual 2014/15 benefit certification fees and included as a 25% reduction.

**RESOLVED** that the External Audit Annual Fee Letter 2015/16 be noted.

#### **5. INTERNAL AUDIT FOLLOW UP REPORT**

The Committee received a follow up review report from TIAA in respect of recommendations arising from the internal audit reviews during 2015/16.

Follow up reviews were carried out in May 2016 to consider whether the management action taken had addressed the control issues that gave rise to the internal audit recommendations. Table 2 detailed the findings from the follow-up review.

After, a question and answer session, mainly regarding 'Management progress updates not received', it was confirmed that the updates from Heads of Services had not been received in time to be incorporated into the report. These outstanding updates would be tabled at the next Committee.

**RESOLVED** that the report be noted.

#### **6. INTERNAL AUDIT 15/16 PROGRESS REPORT QUARTER 4**

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The Committee considered an Internal Audit Progress Report from TIAA which provided an update on the progress of Internal Audit work at South Bucks District Council as at 7 June 2016. The report outlined progress against the Annual Plan for 2015/16.

It was reported that no emerging risks had been identified which could impact on the overall effectiveness of the governance, risk and internal control framework of the Council. The action plans and management responses to the audit work for all recommendations for the period from 12 February 2016 to 7 June 2016 were highlighted, and detailed in Appendix B.

The report detailed the following changes to the annual audit plan for 2015/16:

- Disabled Facilities Grants – additional review
- Defra Repair and Renew Grant (Flood Support Scheme Additional Review)
- Data Protection – Additional Review
- The ICT audit have been cancelled due to the significant changes to the ICT at South Bucks and Chiltern and these have been replaced with the following two ICT audits:
  - Updata
  - Transition Project Management

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

### 7. ANNUAL ASSURANCE REPORT 15/16

The Committee considered the Internal Audit Annual Report by the TIAA which outlined the internal control environment at South Bucks District Council. The report summarised the outcomes of the reviews carried out on the organisation's framework of governance, risk management and control; and was designed to assist the Council in making its annual statement of internal controls assurance.

The Head of Audit's Annual Opinion reported satisfaction that sufficient internal audit work had been undertaken to allow him to draw a reasonable conclusion as to the adequacy and effectiveness of South Bucks District Council's risk management, control and governance processes.

**RESOLVED** that the Internal Audit Annual Report and Head of Audit's Annual Opinion be noted.

### 8. INTERNAL AUDIT 16/17 PROGRESS REPORT

The Committee considered an Internal Audit Progress Report from TIAA which provided an update on the progress of Internal Audit work at South Bucks District Council as at 7 June 2016. The report outlined progress against the Annual Plan for 2016/17.

It was reported that no emerging risks had been identified which could impact on the overall effectiveness of the governance, risk and internal control framework of the Council.

It had been agreed with the Director of Resources and Head of Business Support that the ICT audit plan should be split into three key areas:

- Technical (ICT) activities essentially the work to combine the networks

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- ICT development primarily the programme for flexible and mobile working and
- Information governance and management

The action plans and management responses to the audit work for all recommendations for the period from 12 February 2016 to 7 June 2016 were highlighted, and detailed in Appendix B.

**RESOLVED** that the report be noted.

### 9. ANNUAL FRAUD REPORT

The Committee received a report detailing the Anti-Fraud activity undertaken in 2015/16 and an action plan for 2016/17. Members were reminded that at the beginning of 2015/16 fraud work in respect of housing benefits had transferred to DWP. There was no information available from the DWP about fraud cases investigated in the area.

The report explained the revenues fraud and error reduction team is responsible for carrying out anti-fraud activity in relation to Local Council Tax Support, providing assistance to Internal Audit, supplementing the resources for fraud and irregularity as well as carrying out a planned fraud review of high risk fraud areas.

To assist in fraud prevention a "Risk Based Verification" had been introduced for all new applications to identify cases that require further checking of circumstances.

The report explained a DWP incentive scheme FERIS (Fraud Error Reduction Scheme) which was designed to encourage Local Authorities to identify fraud and error. If a LA exceeds a quarterly benefit reduction target this generates a financial reward. Members were advised that the Council was already proactive in identifying cases of potential fraud and error identified during the course of on-going accuracy checks and the targeting of reviews on known risk areas

With a small case load and a well-administered scheme there was limited scope for generating FERIS rewards. Members noted it was good practice and prudent to take part in the scheme to identify and rectify fraud or errors at the earliest opportunity. DWP have acknowledged this and from April 2016 have rectified the scheme to provide more scope for reward payments.

A number of corporate policies and procedures were being developed or updated by the Fraud Manager, namely:

- Staff Declaration
- Enforcement Policy
- Employees contracts
- Whistleblowing Policy
- Anti- Fraud, Corruption and Bribery Policy

The draft Whistleblowing policy would be tabled at the next Committee for discussion.

After some discussion regarding the cost effectiveness on fraud prevention, it was

**RESOLVED** that the report be noted.

10. **ANNUAL GOVERNANCE STATEMENT 15/16**

The Committee considered the report which provided Members with sufficient evidence to:

- Conduct the statutory review of the effectiveness of the Authority's Governance Framework / system of internal control; and
- Approve the statutory Annual Governance Statement for 2015/16

**RESOLVED** that

- i) the assurances provided were reviewed;
- ii) following consideration, no significant gaps in control / assurance had been identified; and
- iii) the Annual Governance Statement be approved

11. **PROPOSED AMENDMENTS TO THE PROCEDURE RULES**

The Committee considered a report requesting that the Financial Procedure Rules relating to debt write-offs are amended to allow the Parking Manager to approve the write-off of irrecoverable penalty charge notices up to £150.

The Head of Audit explained that the financial limits relating to the write-off of irrecoverable debts would be in circumstances where recovery of the sum is unlikely to be achieved or where proceeding is inappropriate or unjustified.

On the parking account there are instances where debt is unrecoverable. The following table shows the number and value of penalty charge notices written-off in 2015/16.

| Reason                  | Number of Cases | Value £      |
|-------------------------|-----------------|--------------|
| DVLA – No Address Trace | 19              | 1,520        |
| Procedural Error        | 2               | 160          |
| <b>Totals</b>           | <b>21</b>       | <b>1,680</b> |

The Joint Parking Manager is responsible for the billing and recovery of penalty charge notices. At present irrecoverable debts are referred to the Head of Finance for write-off. It was being proposed to allow the Parking Manager to approve these write-offs.

The report went on to explain that once approved the Parking Manager would still need to notify the Head of Finance of these write-offs, in order that the Head of Finance can maintain the register of all debts that have been written-off.

After a question and answer session the Committee

**RECOMMENDED** to Cabinet that the Financial Procedure Rules are amended to allow the Parking Manager to approve the write off of irrecoverable penalty charge notices up tot £150.

**12. AUDIT COMMITTEE WORK PROGRAMME**

The Head of Finance presented the Audit Committee Work Programme and the Committee was asked to consider whether there were any items to add or move within the proposed work programme.

**RESOLVED** that the Audit Work Programme be noted; with no proposed changes.

**13. STANDARDS WORK PROGRAMME 16/17**

The Committee noted the Standards Work programme 2016/17

**RESOLVED** that the report be noted.

**14. ANY OTHER BUSINESS**

The meeting terminated at 5.41 pm