

Audit Committee Minutes

Date: 20 November 2014

Time: 7.00 - 7.47 pm

PRESENT: Councillor M C Appleyard (in the Chair)

Councillors J L Richards OBE, P R Turner, D M Watson, R Wilson and R Farmer

Also present: S Gill (External Auditor, Ernst & Young)

23 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors I Bates and A D Collingwood and from Maria Grindley, Audit Director (Ernst & Young).

24 DECLARATIONS OF INTEREST

Councillor P R Turner declared an other interest in minute 26 by virtue of being related to a tenant of Red Kite Community Housing.

25 MINUTES

RESOLVED: That the minutes of the meeting held on 25 September 2014 be confirmed as a correct record and signed by the Chairman.

26 RED KITE PERFORMANCE

The Committee received a report which provided an update on Red Kite performance following the transfer of housing stock in December 2011. Under the terms of the transfer Red Kite was obliged to comply with the promises which had been made to the Council in its pre-ballot offer to tenants.

The report detailed that of the 109 promises 53% were now recorded as being completed, 37% as on target, 6% in progress, 2% as not started and 2% as at risk. Assurances had been received from Red Kite that they would complete all of the promises within the five year period required under the terms of the transfer (i.e. by December 2016).

The Committee noted that information taken from Red Kite's Annual Statement stated that void turnaround time had worsened, arrears levels were higher than average and customer satisfaction levels were not as high as would be wished. Additionally, anti-social behaviour was stated as being in the 'top quartile', although detailed information was not given. It was agreed that the Chairman should write to Red Kite on behalf of the Committee to request clarification on these points.

RESOLVED:

- (i) That the Chairman should write to Red Kite on behalf of the Committee to obtain further information in relation to the issues, outlined above, reported in Red Kite's Annual Statement;
- (ii) That a further update report be brought to the Committee in March 2015.

27 REVIEW OF STRATEGIC RISK REGISTER

The Committee received a report which provided an update on the first 6 months of operation of the Strategic Risk Register. The report included the Strategic Risk Register, and detailed that for the 3rd quarter performance report a formal process would be undertaken to allow individual risk owners to review the scores assigned to the individual risks within their control. This would enable reflection of whether the work undertaken in the preceding 9 months had contributed to a reduction in the overall risk score.

In debate the Committee highlighted the need for risk owners to be accountable, and recommended that each risk owner should be an individual rather than a group. The Committee requested that the Strategic Risk Register should be brought back to the Committee in January 2015, following the third quarter review, with risk owners invited to attend to explain their risks and ratings.

It was also requested that the external auditors be asked to look at the Strategic Risk Register to gain their informal opinion about the appropriateness of the risks on the register. The Head of Finance and Commercial and the External Auditor agreed that this would be picked up as part of their next meeting.

RESOLVED:

- (i) That the Strategic Risk Register be noted;
- (ii) That the Strategic Risk Register be brought back to the Committee in January 2015 following the third quarter review.

28 AUDIT, RISK AND FRAUD MANAGER'S HALF-YEARLY REPORT

The Audit, Risk and Fraud Manager presented his progress report for the first six months of the 2014/15 financial year. He reported that due to the number and timing of audits only one final report had been issued during the period; however 9 reviews were scheduled to be completed in quarter 3 and the full audit programme, as agreed by the Committee in March, was still on track to be delivered.

Members noted that the Single Fraud Investigation Service would come into force from 1 March 2015 and that with effect from this date the role of investigating benefit fraud would pass to SFIS. In response to questions about fraud prevention the Committee heard that surgeries were held to provide advice to claimants in

order to try to minimise cases of over or underpayment; however in general there was a move away from face to face advice towards greater use of electronic media and an increased level of data matching.

Members queried the relatively high number of cases which are awaiting decision on possible further action (currently 51). The Audit, Risk and Fraud Manager acknowledged that this was higher than would usually be expected, and that this was being addressed.

RESOLVED: That the Audit, Risk & Fraud Manager's Half-Yearly Report for the period ending 30 September 2014 be noted.

29 TREASURY MANAGEMENT MID-YEAR REPORT 2014/15

The Head of Finance and Commercial presented the Treasury Management mid-year report, covering the period 1 April to 30 September 2014.

Members noted the economic review, interest rate forecast and performance report, and the position on borrowing activity, capital expenditure and Treasury Management Indicators.

In relation to debt management the Head of Finance and Commercial reported that the £5m in long term loans from the Public Works Loan Board was no longer required and would be repaid shortly. Interest-free borrowing had been secured through the Buckinghamshire Thames Valley LEP to aid cash flow for forthcoming major projects.

In relation to the Bank of England base interest rate, the Committee noted the prevailing historically low rate and that a rate rise was now not predicted to take place until Spring or Summer of next year. Borrowing rates remain very low, and there had been little movement in investment rates, which also remained at historically low levels. A reduction in counterparties and increased difficulty in placing funds with counterparties was also noted.

In relation to the funds held in Iceland following the collapse of the Icelandic bank Glitnir it was reported that although interest was being earned at a favourable rate of 4.2%, the investment remained exposed to currency risk.

RESOLVED: That the Treasury Management mid-year report for the period 1 April to 30 September 2014 be noted.

30 ISSUES LOG

The Committee noted the updated status of items on the Issues Log.

The Chairman reported that he had received assurances on behalf of the Head of Service and Service Manager that appropriate action had now been taken to address the issues which had been highlighted in the internal audit review of housing (Rent Deposits and Saunderton Lodge). This could now be closed on the Issues Log.

It was noted that the Chairmen / Vice-Chairmen of the Audit / Improvement & Review Commission had agreed that, where required, the Audit Committee would review Key Performance Indicators where performance was more than 10% away from target (adverse), as outlined in minute 31. This issue could also be closed on the Issues Log.

RESOLVED: That the updated Issues Log be noted.

31 FEEDBACK FROM PERFORMANCE INDICATOR ANALYSIS MEETING

The Committee noted that the most recent Audit / IRC Chairmen / Vice-Chairmen's Performance Indicator Review meeting had taken place on 18 November.

In response to the recommendation from the Audit Committee at its June meeting that where Key Performance Indicators were more than 10% away from target (adverse) an assessment should be made about which committee (Audit or Improvement & Review) would take these forward to identify any key actions required, it had been agreed that the Audit Committee should review these where required.

RESOLVED: That the update be noted.

32 AUDIT COMMITTEE WORK PROGRAMME

The Committee reviewed its work programme as appended to the agenda.

It was agreed that an update report on Red Kite performance be brought to the March 2015 meeting, and that a review of the Strategic Risk Register be brought to the Committee in January 2015.

It was noted that the Certification of Grants and Claims Annual Report may be taken at the January 2015 meeting rather than March, subject to availability.

RESOLVED: That subject to the above the Audit Committee work programme, as set out in the agenda, be approved.

33 INFORMATION SHEETS

Information Sheets 04/2014 (Health and Safety Update) and 05/2014 Annual Audit Letter were noted.

In relation to the Health and Safety Update the Committee recommended regular monitoring, once the new arrangements are in place, to check the robustness of the proposed new partnering arrangement with Buckinghamshire County Council. It was recommended that the Committee reviews the Annual Plan, monitors progress against the plan and considers any exception reports to ensure that the new arrangements were effective.

RESOLVED: That Information Sheets 04/2014 and 05/2014 be noted.

Chairman

The following officers were in attendance at the meeting:

- Emma Lund - Senior Democratic Services Officer
- Steve Richardson - Head of Finance and Commercial
- Mike Howard - Audit, Risk and Fraud Manager
- Brian Daly - Housing Services Manager