

BRECKLAND COUNCIL

At a Meeting of the

AUDIT COMMITTEE

**Held on Friday, 19 February 2016 at 10.00 am in
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

PRESENT

Mr W.P. Borrett (Chairman)
Mr P.J. Hewett
Mr T. Ludlow

Mr K. Stevens
Mr M Taylor
Mr R.W. Duffield (Substitute Member)

In Attendance

Alison Chubbock

Emma Hodds
Greg Pearson

Tim Rogers
Kevin Suter
Teresa Smith

- Chief Accountant (Deputy Section 151 Officer) (BDC)
- Internal Audit Consortium Manager (IACM)
- Corporate Improvement and Performance Manager
- Performance & Change Manager
- Executive Director
- Democratic Services Officer

1/16 MINUTES

The Chairman asked if the Statement of Accounts of Breckland Training Services would come back to the Audit Committee.

The Chief Accountant confirmed that this information would be presented to the Audit Committee under the "Annual Review of results of Traded Activities" scheduled for July 2016.

The minutes of the meeting held on 11 December 2015 were confirmed as a correct record.

2/16 ACTIONS ARISING FROM THE MINUTES (IF ANY) (STANDING ITEM)

None.

3/16 APOLOGIES

Apologies had been received from Councillors Gould, Nairn and Nunn. Councillor Duffield was present as a substitute for Councillor Nunn.

4/16 URGENT BUSINESS

None.

5/16 DECLARATION OF INTERESTS

None.

6/16 NON-MEMBERS WISHING TO ADDRESS THE MEETING

None.

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7/16 TRAINING (STANDING ITEM)

None.

8/16 QUARTERLY RISK REPORT

The Corporate Improvement & Performance Manager presented the Quarterly Risk report. He also introduced Tim Rogers, Performance & Change Manager to Members. The Corporate risk register had been amended as previously requested by the Committee.

The key points included how Operational Risks would become a strategic risk. The risk score is 16+, once mitigation controls were in place if the risk score remained at 16+ for more than one quarter, it would become a strategic risk.

A new strategic risk had been added on IT security. This was linked to the recent IT security breaches at Lincolnshire County Council and their data that had been breached.

A risk currently on the risk register, relating to Taxi licensing had been reduced due to the controls and mitigation in place which resulted in 100% of taxi drivers obtaining a DBS check. Therefore it was recommended that the risk be placed on the operational risk register as it no longer posed the same risk to the Authority.

Mr Ludlow said the critical risk, even if it was unlikely, should be red, due to the impact. He also asked if the Risk Report could include the target of each risk. The Corporate Improvement & Performance Manager agreed to change this on the report. Mr Rogers added a full re-assessment of the risk scores would be carried out.

Mr Ludlow said the 'Impact of Devolution Agenda' risk did not show the change in impact score; and the People plan in Place needed to show the mitigation score.

Cllr Hewett highlighted there had not been a change in the Government Spending likelihood. The IACM said that now the Government settlement was clear this had been outlined on the 4-year plan.

Cllr Hewett asked if the covalent system could show the direction of travel as this was a useful tool. The Corporate Improvement & Performance Manager said he wanted to show Members the system in real-time, however limited IT access did not allow this at the moment. He would ensure the direction of travel was added to future reports.

Members noted the report.

9/16 2014/15 ANNUAL CERTIFICATION REPORT

Mr Kevin Suter, Executive Director, Ernst & Young presented the Annual Certificate report.

Cllr Hewett asked if the Council were better or worse off in comparison with the Government fraud of £900m. Mr Suter said that this included rental fraud and therefore was difficult to make a comparison.

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Members noted the report.

10/16 2015/16 AUDIT PLAN

Mr Kevin Suter presented the report.

He highlighted the key areas within the report, and was required to consider if the Council had put in place 'proper arrangements' to secure value for money. This was an ongoing risk assessment and would communicate any updates to Members at the next meeting.

Members noted the report.

11/16 LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

Mr Suter said the Government & Economic news that outlined current issues was for information for Members.

The Chairman asked if the Council had a view on the Consultation of the New Homes Bonus. The Chief Accountant said a response was being prepared on behalf of the Council.

The Chairman asked that this was seen by the Leader before it was released.

Members noted the report.

12/16 AUDIT COMMITTEE SELF ASSESSMENT EXERCISE & ACTION PLAN

The IACM explained she had only received two responses prior to the meeting and asked for Members views as to whether this item should be carried forward to the June meeting.

Mr Ludlow asked what the revised deadline was for completing the document. The IACM said that responses were required within 2 weeks and would email out to Members to confirm this.

It was **AGREED** to carry the item forward to the June meeting.

13/16 STRATEGIC & ANNUAL INTERNAL AUDIT PLANS 2016/17

The IACM presented the report.

In addition to the audit plan work that would be undertaken by the Contractor, the IACM added that she was a Member of the Finance Board, which also linked into the work of the Transformation Board and the Performance, Risk and Audit Board. Being a member of both Boards enabled a good oversight to be retained in relation to Council activity and what needed to feed into the audit plan of work.

Mr Ludlow highlighted that the External assessment of internal audit should be conducted every 5-years. The IACM confirmed that this was a requirement of Public Sector Internal Audit Standards which came into force in April 2013. The IACM confirmed that it was hoped to undertake

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this assessment in 2016/17 although it was not due until end of March 2018. The IACM would be putting together a tender pack for the external review to take place in 2016-17 and a report would be brought back to Members at the right time.

Mr Ludlow asked for information on the Performance, Risk and Audit Board. Members were informed this was an Officer led board, which considered Performance, Risk and Audit recommendations and allowed a formal discussion base. The Corporate Improvement & Performance Manager added that the Performance and Risk report was highlighted to the Executive Management Team and was also a quarterly report to Overview & Scrutiny.

Mr Ludlow commented that there had been previous issues with procurement, and it was important that the IACM was involved at the right time to formalise and recognise any issues. The Corporate Improvement & Performance Manager said that the team were mid-way through developing the procurement services, and would ensure that the IACM was involved as a critical friend to add value.

Cllr Hewett asked if sufficient time had been allowed for the LABV review and if the timing was accurate. The IACM said that it had been agreed with management that quarter three was the correct time for the review as the arrangement would have been in place for a while and the first audit of the accounts would have been completed.

The Chairman asked for further detail on the internal audit provided on IT. The IACM said that as the IT services were provided by Norfolk County Council for both Breckland and Great Yarmouth Councils, there were common areas that would warrant an audit across the two authorities with support from County.

The Chairman felt that the 'Adequate' target for the Audit Committee satisfaction seemed low. The IACM said that this was still a positive outcome and that a survey would be provided to the Committee to measure both her interaction with the Committee and to gauge an understanding if information from the contractors was sufficient.

It was **RESOLVED** that the Committee noted and approved:

- a) The Internal Audit Charter for 2016-17
- b) The Internal Audit Strategy for 2016-17
- c) The Strategic Internal Audit Plans 2016/17 to 2018/19; and
- d) The Annual Internal Audit Plan 2016-17.

14/16 TREASURY MANAGEMENT POLICY & STRATEGY 2015-16

The Chief Accountant presented the report.

Cllr Hewett asked for the amount paid to Capita Asset Service. The Chief Accountant confirmed that the amount paid was £7k per annum, and that it was information only that was provided.

Mr Ludlow felt there was a disconnection with the recommendations

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against the Audit Committees Terms of Reference. The IACM said that as the Committee had now completed a cycle of meetings, the Terms of Reference would be reviewed and updated to reflect this.

Mr Stevens asked if an Officer group had looked at the capital spend. The Chief Accountant said that the information had been through the annual budget setting process and had gone through a rigorous process to gain senior management approval.

It was **RESOLVED** to recommend to Full Council the following be approved:

- a) The Treasury Management Strategy 2016-17 to 2018-19 at Appendix A
- b) The Minimum Revenue Provision (MRP) statement contained within Appendix A which sets out the Council's Policy on MRP
- c) The Prudential Indicators and limits contained within Appendix A (Tables 1-10)
- d) The Investment Strategy 2016-17 (Appendix B) and the detailed criteria included in Appendix B1
- e) The Treasury Management Policy at Appendix B2

15/16 COUNTER FRAUD CORRUPTION & BRIBERY POLICY, WHISTLEBLOWING POLICY AND MONEY LAUNDERING POLICY

The Chief Accountant presented the report which summarised changes to the policies that had been amended with Internal Audit and Legal services support. Refresher training would also be provided to all staff which was likely to be through on-line training.

Mr Ludlow referred to page 141 of the report, and suggested that the policy applied to all, rather than the individual prescriptive list. The Chief Accountant would amend the list.

Mr Ludlow asked if there had been any instances of fraud. It was confirmed there had not been any instances, and Members were also reminded that ARP had their own fraud team.

Cllr Duffield asked why the Whistleblowing policy had not been through General Purposes Committee as it had done in the past. Members were informed that due to changes in the recently updated Constitution the Policy was not required to go to General Purposes. Cllr Duffield was not happy about this.

The Chairman suggested that it was emailed to the Chairman of General Purposes for consultation and the policies not to be taken through General Purposes formally for consultation.

It was **RESOLVED** to Recommend to Full Council that the following policies be approved:

- 1) Counter Fraud Corruption & Bribery Policy
- 2) Whistleblowing Policy
- 3) Money Laundering Policy

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16/16 WORK PROGRAMME

Mr Ludlow reminded that the Self Assessment should be added for the June meeting.

The IACM said that she was seeking advice with regards to the Independent Members and this would be discussed at the June meeting.

17/16 NEXT MEETING

The arrangements for the next meeting on Friday 10 June 2016 at 10:00am in the Norfolk Room were noted.

The meeting closed at 11.45 am

CHAIRMAN