

STEVENAGE BOROUGH COUNCIL

**AUDIT COMMITTEE
MINUTES**

Date: Thursday 22 July 2010

Time: 6.00 p.m.

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

Present: Councillors: L Chester (Chair), P Bibby CC, D Cullen and R Parker CC.
Independent: B Mitchell

In Attendance: Nick Taylor – Grant Thornton
Paul Winrow – Grant Thornton

Started: 6.00 p.m.
Ended: 7.05 p.m.

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

An apology for absence was submitted on behalf of Councillor R Clark.

There were no declarations of interests.

2. MINUTES - AUDIT COMMITTEE - 14 JUNE 2010

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 14 June 2010 be approved as a correct record and be signed by the Chair.

The Chair advised that under Item 6. Paragraph 4 it should be noted that although there had been a decrease in the average Internal Audit Satisfaction Scores that the target still had been met.

3. MINUTES - AUDIT COMMITTEE - 28 JUNE 2010

The Chair advised Members of a typographical error under Item 3. Paragraph 12 and in Resolution 1. (i) and that the sentence should read 'The Council was determined in its use of resources inspection at level 2 and was making good progress in achieving the required improvements to reach level 3 during 2010/2011'.

It was **RESOLVED** that subject to the above amendment the Minutes of the meeting of the Audit Committee held on 28 June 2010 be approved as a correct record and be signed by the Chair.

4. PAYMENTS MADE UNDER THE MEMBERS ALLOWANCE SCHEME

The Constitutional Services Manager presented a report to update Members on the operation of the new Members' Allowances recording system and the details of action taken following the Review of Members' Allowances, Payments and Support.

The Constitutional Services Manager advised that all of the recommendations arising from the review had been addressed and action taken.

It was **RESOLVED** that the arrangements for the recording and reporting of payments/expenditure made under the Members' Allowances Scheme; actions arising from the recommendations of the 2009 Review of Members' Allowances, Payments and Support; and the current Guide to the Members' Allowances Scheme and Other Assistance be noted.

5. ANTI FRAUD ANNUAL REPORT 2009/10

The Chief Internal Auditor presented the Annual Anti Fraud Report 2009/10 to provide Members with a summary of the anti fraud work undertaken by the Internal Audit and Anti Fraud teams.

The Chief Internal Auditor highlighted a number of specific areas:

- National Fraud Initiative – a total of £16,092 of overpayments had been identified.
- Whistleblowing - In response to a question from a Member, the Chief Internal Auditor advised that there had been 5 referrals so far this year and they had been received from various departments across the council.
- Ethics and Probity training.
- Internal Audit Recommendations – The Chief Internal Auditor stressed that there had been no proven cases of fraud in 2009/10 and that the recommendations were to improve the internal control environment to minimise the risk of fraudulent activity.

In response to questions raised by Members, the Head of Customer Services & Business Improvement advised he would

e-mail all Members with details of the procedures in place in the Local Taxation Team to check entitlement to Single Person Council Tax Discount.

- Regulation of Investigatory Powers Act 2000 - In response to a question from a Member, the Chief Internal Auditor advised that the 3 applications for directed surveillance had proved to be cost effective.
- Housing and Council Tax Benefits – The Chief Internal Auditor reported that 219 cases had been investigated, 103 fraudulent claims identified, 36 prosecutions and sanctions had been made and that £172,651 had been identified in recoverable overpayments, this exceeded the cost of providing the service by almost £50,000.

A question was raised regarding the costs concerned with identifying and recovering overpayments. The Head of Finance stated that staff costs were fairly fixed but the amount of fraud would always be an unknown and that an average case took 199 days to process to completion. A Member commented that the publicised work of the Anti Fraud Service was also likely to be working as a deterrent.

The Chief Internal Auditor advised Members of an Action Plan to address issues identified in the report.

It was **RESOLVED** that the Annual Anti Fraud Report for 2009/10 be noted.

6. ACCOUNTS AUDIT APPROACH MEMORANDUM

The Committee considered the report from Grant Thornton which outlined the objectives and strategy of the audit and identified the high risks areas on which work would be focussed prior to their report back to the Committee in September.

A Member asked for clarification on how the fee charged to the council was determined and if there had been an increase since the previous year. Nick Taylor, Grant Thornton, advised that the fee was derived using a formula set by the Audit Commission. The Head of Finance advised that she would email all Members with details of the previous year's audit services costs from Grant Thornton.

It was **RESOLVED** that the Accounts Audit Approach Memorandum be noted.

7. ICT SECURITY

The Head of Customer Services & Business Improvement presented a report that set out the Council's current arrangements for dealing with ICT security in the light of the recent loss of service and that sought Members views on measures recommended to further improve security and introduce new ICT business continuity arrangements.

The Head of Customer Services & Business Improvement highlighted three specific issues:

- Management of the Security Incident – The incident had been well managed. There had been effective working and good communications. A review of the business continuity arrangements concluded this had also been effective.
- Lessons Learned and Recommended Improvements – There were various areas to focus on in the report but attention was drawn to the issue of Smart Phones from the perspective of data loss.
- ICT Business Continuity – The preferred solution was to divide the servers and introduce a second location, for which Cavendish Road would be the most cost effective solution.

In response to a question from a Member on the use of portable devices the Officer advised that consultation was required with staff in order to mitigate the issues and development of a policy was needed to control the use of these devices by third parties.

A Member was concerned that offsite contingency arrangements had not previously been in place. The Head of Customer Services & Business Improvement advised that there was an existing daily back-up procedure by which all data was held securely offsite and this new initiative was designed to meet a true disaster recovery scenario.

In response to a question from a Member on the type of virus and why it was not detected by the firewall, the Officer advised it was a variant of a well known virus, that remote access to the Councils network was protected and that this virus had been introduced inadvertently by a contractor connected directly within the network. He advised all the Councils systems have virus detection but there was no current standardisation of laptops and it was important that these were automatically updated with the latest virus detection and security software.

It was **RESOLVED**;

1. That the recommended improvements to ICT security set out in paragraphs 4.4 to 4.7 of the report be noted.

2. That the recommended ICT Business Continuity solution referred to in paragraph 4.10. of the report be noted.
3. That a detailed action plan will be prepared to implement the recommendations once these have been approved at a meeting of the Senior Management Board on 20th July 2010.

8. URGENT PART I BUSINESS

None.

9. EXCLUSION OF THE PRESS AND PUBLIC

Not required.

PART II

10. URGENT PART II BUSINESS

None

Chair

