

**STEVENAGE BOROUGH COUNCIL****AUDIT COMMITTEE  
MINUTES****Date: Tuesday 29 March 2016****Time: 6.00 p.m.****Place: Shimkent Room, Daneshill House, Danestrete, Stevenage**

**Present:** Councillors: M McKay (Chair), L Chester, D Cullen,  
J Gardner and J Lloyd CC.

**Also Present:** B Mitchell (Independent Member), C Wood (Shared  
Internal Audit Service), N Jennings (Shared Anti-Fraud  
Service) and N Harris (Ernst and Young).

**Started:** 6.00 p.m.

**Ended:** 7.50 p.m.

**1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors R Broom,  
G Lawrence and A McGuinness.

There were no declarations of interest.

**2. MINUTES – AUDIT COMMITTEE – 1 FEBRUARY 2016**

It was **RESOLVED** that the Minutes of the meeting of the Audit  
Committee held on 1 February 2016 are approved as a correct record  
and signed by the Chair.

**3. 2014/2015 CERTIFICATION LETTER**

The Assistant Director (Finance) presented the Certification Letter as  
received from the Council's previous External Auditors Grant Thornton.

The Committee was advised of a typographical error at appendix A to  
the report. In the Value column the interim payment by the DWP  
should read £36,410,576 and not £36,401,576 as shown.

In reply to a comment relating to the additional costs incurred as a  
result of the discovery of an error in the Housing Benefit Subsidy claim,  
the Committee was advised that the discovery of the error had resulted  
in the checking of a further batch of test cases to ensure that the error  
had not been duplicated elsewhere. It was confirmed that this had  
been the first error discovered since the instigation of the Shared  
Revenues and Benefits Service.

It was **RESOLVED** that the Certification Letter is noted.

#### **4. EXTERNAL AUDIT PLAN**

The Committee received the External Audit Plan from the Council's External Auditors, Ernst and Young.

The External Auditor advised the Committee that a letter had been received from the Chief Executive requesting a review of the proposed audit plan timetable and a full project plan would be presented to the next meeting of the Committee, with a final report presented to the September meeting.

In reply to a question concerning the auditor's view of the Council's approach to budgeting and savings the Committee was advised that over and underspends from 2015/2016 budgets would be reviewed to identify any potential weaknesses in the budgeting process and that a review would be undertaken of the budget process going forward.

In reply to a further question it was confirmed that the Council's asset value shown in the report included the housing stock as used for the provision of social housing.

It was **RESOLVED** that the Audit Plan is noted.

N Harris left the meeting at the conclusion of this item.

#### **5. INTERNAL AUDIT PROGRESS REPORT**

The Committee received the Internal Audit Progress Report for the period 1 April 2015 to 11 March 2016.

The Committee was advised that since the publication of the agenda two further reports had been issued. The Business Continuity report had been issued with a 'substantial' assurance level and contained 1 medium level recommendation and the Risk Management report had been issued with a 'full' assurance level.

In response to a request from the Committee the Assistant Director (Finance) undertook to present the following Internal Audit reports at the next meeting of the Committee:

- BMO Issue of Materials
- Gas Service Contract
- Roofing Contracts

It was **RESOLVED** that the Internal Audit Progress Report for the period 1 April 2015 to 11 March 2016 is noted.

#### **6. 2016/2017 INTERNAL AUDIT PLAN**

The Committee received the proposed Internal Audit Plan for 2016/2017.

In reply to a request from the Committee the Assistant Director (Finance) undertook to provide a briefing paper detailing the guiding principles by which work areas for audit were selected.

In reply to a question it was confirmed that no area of the Council's activities was exempt from audit inspection and that key financial systems were reviewed annually.

It was **RESOLVED** that the Stevenage Borough Council Internal Audit Plan for 2016/2017 is approved.

## **7. SHARED ANTI-FRAUD SERVICE REPORT**

The Committee received the Shared Anti-Fraud Service report and, with the agreement of the Chair, appendix 3, the TEICCAF Fraud Briefing, was withdrawn.

The Committee was advised that the Counter Fraud Officer for the Council would be Paul Taylor and not Tracy Reeves as detailed in the report.

It was noted that a full report on the Council's Anti-Fraud Performance would be presented to the Committee at its September meeting.

Members asked a number of detailed questions about vexatious reports, outstanding notices and Right to Buy applications which were answered by the Officer.

In reply to a request the Internal Audit Manager undertook to include members of the Committee on the circulation list for a 'shared learning' paper which was produced for partners as a result of audit and anti-fraud activities.

The Committee did not wish to pass any comments onto the Executive regarding the proposed Fraud Prosecution Policy.

It was **RESOLVED**:

1. That progress against the SAFS Business Plan for 2015/2016 is noted
2. That the SAFS/SBC Anti-Fraud Action Plan for 2016/2017 is agreed
3. That the proposed Fraud Prosecution Policy for use from April 2016 is noted.

## **8. CORPORATE GOVERNANCE CODE AND ARRANGEMENTS**

The Committee received the annual report on the Council's Corporate Governance Arrangements.

It was **RESOLVED** that the key governance enhancements delivered in 2015/16, the scheduled future enhancement activity and the significant enhancement activity planned for 2016/17 to deliver against the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government' (Appendix A) is noted.

## **9. URGENT PART 1 BUSINESS.**

None.

## **10. EXCLUSION OF THE PRESS AND PUBLIC**

It was **RESOLVED**:

1. That under Section 100 (A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the Act, as amended by SI 2006 No.88.
2. That having considered the reasons for the following item being in Part II it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

## **PART II**

## **11. STRATEGIC RISK REGISTER – QUARTER 3**

The Committee received the Strategic Risk Register for Quarter 3.

The Committee was advised that the risk register had received full assurance from the Shared Internal Audit Service.

In response to a request the Assistant Director (Finance) undertook to circulate a briefing note on the potential repayment of Right to Buy receipts to members of the Committee.

It was **RESOLVED**:

1. That the Strategic Risk Register Quarter 3, 2015/16 is noted (Appendices A1 – A5).
2. That developments on risk management issues are noted as outlined in paragraph 4.2 of the report.

**12. URGENT PART II BUSINESS**

None.

**Chair**