

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Tuesday, 12 June 2018

Time: 6.00pm

Place: Shimkent Room - Daneshill House, Danestrete

Present: Councillors: Maureen McKay (Chair), John Gardner (Vice-Chair).
Howard Burrell, David Cullen, Graham Lawrence, John Lloyd and
Graham Snell.

In attendance: C Wood and S Martin (Shared Internal Audit Service)
N Jennings (Shared Anti-Fraud Service)

Start / End Start Time: 6.00pm
Time: End Time: 7.40pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

An apology for absence was received from Councillor L Chester.

There were no declarations of interest.

S Martin was introduced to the meeting as the new Client Audit Manager for the Shared Internal Audit Service.

2 APPOINTMENT OF VICE-CHAIR

It was moved, seconded and **RESOLVED** that Councillor J Gardner be elected to serve as Vice-Chair of the Audit Committee for the municipal year 2018/2019.

3 TERMS OF REFERENCE

It was **RESOLVED** that the Terms of Reference are noted.

4 MINUTES OF PREVIOUS MEETING

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 26 March 2018 are approved as a correct record and signed by the Chair.

5 ANNUAL GOVERNANCE STATEMENT 2017/18

The Committee received a report which advised on the content of the Council's Annual Governance Statement for 2017/18 following the review of the effectiveness of the Council's system of internal control and governance arrangements.

The Chair complimented Officers for the clarity of the report.

In reply to a question concerning potential learning points from the difficult financial situation faced by a neighbouring authority the Committee was advised that Hertfordshire County Council had prepared a summary of events. The Committee requested that a copy of the summary be made available to Members.

It was **RESOLVED** that the Council's 2017/18 Annual Governance Statement, as attached to the report at Appendix One, is recommended for approval by the Statement of Accounts Committee.

6 STEVENAGE BOROUGH COUNCIL 2017/18 ANTI-FRAUD REPORT

The Committee received the Council's 2017/18 Anti-Fraud Report.

The Committee was advised that all targets except for one (success rates for cases investigated) had been achieved and that targets had been stretched for 2018/19.

The Committee was further advised that the percentage of allegations of fraud reported by staff were higher than in similar authorities and this reflected positively on the attitudes of staff working for the Council.

Members then asked a number of questions about the process for determining whether an allegation of fraud should be investigated.

In reply the Committee was advised that once an allegation of fraud had been received it would be reviewed and pursued if appropriate. It was confirmed that if a recommendation to prosecute was made it would usually be followed after consultation with the legal team.

In reply to a further question concerning learning points it was confirmed that the investigation process identified methods to prevent recurrences of that type of fraud.

It was **RESOLVED** that the report is noted.

7 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Committee received the Internal Audit Progress Report for the period to 25 May 2018.

The Client Audit Manager advised the Committee that since the publication of the report the percentage of actual billable days had increased to 19% and that a further audit report had been issued.

The Committee was further advised of 3 potential new high priority recommendations including one relating to Cyber Security.

Members raised a number of issues concerning the Council's ICT service and the Committee was advised that a number of initiatives were underway to cleanse data and reduce the amount of storage capacity required together with a plan to implement the recommendations of the latest cyber security audit.

In reply to a question it was confirmed that the Council's IT 'patching' regime was up to date.

It was **RESOLVED** that the report be noted.

8 STEVENAGE BOROUGH COUNCIL 2017/18 ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT ANNUAL REPORT

The Committee received the Council's 2017/18 Annual Assurance Statement and Internal Audit Report.

The Committee was advised that two minor amendments had been made to the Audit Charter. Paragraph 1.1 of the Charter had been amended to reflect any potential public interest in risk management, control and government arrangements whilst paragraph 8.2 had been amended to include all Members as interested parties in overseeing the effectiveness of SIAS.

In reply to a question the Assistant Director (Finance and Estates) confirmed that the scope and resources for internal audit were subject to no inappropriate limitations in 2017/18.

In reply to a question concerning the timescale for implementing high priority recommendations the Committee was advised that the Assistant Director of the relevant business unit was responsible for the individual action plan for implementation and that the action plan would include timescales for completion. Any slippage against the plan would be documented.

In reply to a further question concerning targets and key performance indicators the Committee was advised that Senior Leadership Team reviewed targets and indicators annually on a challenge / test basis. It was acknowledged however that some targets were based on national targets.

It was **RESOLVED** that:

1. The Annual Assurance Statement and Internal Audit Annual Report are noted.
2. The results of the self-assessment, as required by the Public Sector Internal Audit Standards and the Quality Assurance and Improvement Programme are noted.
3. The SIAS Audit Charter is accepted.
4. Assurance be sought from management that the scope and resources for internal audit were not subject to inappropriate limitations in 2017/18.

9 URGENT PART 1 BUSINESS

See Minute 10 below.

10 ANNUAL FEE LETTER 2018/19

URGENT PART I ITEM - ANNUAL AUDIT FEE LETTER 2018/19

Due to an administrative error this report had not been circulated five clear days before the meeting (nor was it available for public inspection for that time). The Chair agreed that the item was accepted as urgent as the next meeting of the Committee is not until September 2018.

The Committee was advised that the External Auditor's fee for 2016/17 had been challenged and taken to arbitration. The Assistant Director (Finance and Estates) undertook to inform the Committee of the decision of the arbitration panel once known.

It was **RESOLVED** that the report is noted.

Councillors H Burrell and J Gardner left the meeting at the conclusion of this item.

11 EXCLUSION OF PUBLIC AND PRESS

It was **RESOLVED** that:

1. 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 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.

2. Members having considered the reasons for the following report being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

12 STRATEGIC RISK REGISTER

The Committee received the Council's latest Strategic Risk Register.

It was **RESOLVED** that the report is noted.

13 URGENT PART II BUSINESS

12a REPAIRS AND VOIDS SERVICE

This report had not been circulated five clear days before the meeting. The Chair agreed that the item is accepted as urgent given the requirement for the report to be considered alongside the SIAS progress report at item 7 on the agenda.

Members asked a number of questions about the report which were answered by the Officer.

It was **RESOLVED** that:

1. The report is noted.
2. The service responses are noted.
3. The actions that are being implemented in conjunction with the recommendations of the audit are endorsed.

CHAIR