

AUDIT COMMITTEE

Minutes of the meeting held on 12 January 2016 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Brookbank (Vice Chairman)

Cllrs. Brookbank, Dyball, Edwards-Winsor, Layland, McArthur and Reay

Apologies for absence were received from Cllrs. Clack and Purves

Cllr. Dr. Canet was also present.

26. Minutes

Resolved: That the minutes of the Committee held on 8 September 2015 be agreed and signed as a correct record.

27. Declarations of Interest

There were no additional declarations of interest.

28. Actions from Previous Meeting

The actions from the previous meeting were noted.

29. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations

The response from Cabinet was noted.

CHANGE IN AGENDA ITEM ORDER

With the agreement of the Committee, the Chairman brought forward consideration of agenda item 11 to after agenda item 7.

30. External Audit - Housing Benefit Subsidy 2014/15

The Chairman welcomed Mr. Geoffrey Banister from Grant Thornton, the Council's External Auditors, to the meeting.

The Chief Finance Officer introduced a report which explained that Grant Thornton, as the Council's external auditor, was required to certify certain grant claims submitted by the Council. The certification typically took place six to nine months after the claim period and represented a final but important part of the process to confirm the Council's entitlement to funding. Only one claim was certified for 2014/15, the Housing Benefit Subsidy Claim, relating to expenditure of £30m. Errors were identified in the 2014/15

Audit Committee - 12 January 2016

return; however the number of errors continued to reduce each year. This reflected the measures taken to update the system, increased training and the quality assurance process. Although the impact of the errors on the value of the overall claim was minimal, it was important to claimants that their benefit was calculated correctly. The Department for Work and Pensions (DWP) stipulated high standards of accuracy, resulting in any claims being incorrect by as little as 1p being classified as errors and additional testing then being required on a larger sample. The Chief Finance Officer confirmed that any errors identified by the sample were corrected.

Mr Bannister advised that the audit fee for grant claims in 2014/15 was approximately £18,000 (subject to confirmation). This was more than originally estimated but less than the £19,000 charged in 2013/14, £20,638 charged in 2012/13 and £51,662 charged in 2011/12.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

31. External Audit - Annual Audit Letter 2014/15

The Chief Finance Officer presented the Annual Audit Letter 2014/15 which restated the findings of the external audit of the Statement of Accounts presented to the Committee on 8 September 2015. Mr. Bannister from Grant Thornton explained that an unqualified audit opinion had been provided on the Statement of Accounts, though there was scope to improve the disclosure notes. An unqualified opinion had also been given for the Council's Value for Money arrangements, which had been a continued strength for the Council. Grant Thornton had no issues to highlight from the Council's part in the Whole of Government Accounts.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

32. Statement of Accounts 2015/16 - Preparation Update

The Head of Finance presented a report which explained the changes that were taking place in the Finance Team to produce an improved Statement of Accounts for 2015/16. The Finance Team was to be restructured, creating a Principal Financial Accountant role with responsibility for some elements of the final accounts while a new Finance Systems Team would be created, allowing more of the accountants' time to be released to undertake financial accounting. Savings from the level of the Audit Fee were to be used to improve quality control in the Statement of Accounts.

In response to a question from the Chairman, the Head of Finance confirmed that from 2018 the draft Statement of Accounts would have to be prepared by May rather than

Audit Committee - 12 January 2016

June. Any Audit Committee Working Group to consider the Statement of Accounts would therefore have to meet in June rather than July.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

33. Anti-Fraud Team Update

The Anti-Fraud Manager presented a report which set out the achievements of the Anti-Fraud Team between April 2015 and November 2015 and outlined the proposed re-structure of the Anti-Fraud Team in light of the creation of the Single Fraud Investigation Service within the Department for Work & Pensions.

He explained that the Team were on course to match the record levels of benefit fraud discovered and had already discovered more Council Tax Support fraud than in the whole of 2014/15. The Council would lose all powers in respect of benefit fraud investigation which would pass to the Single Fraud Investigation Service on 1 February 2016. The Council had considered the need to retain a Counter-Fraud Team to protect the tax base. The new team would be smaller than the existing Anti-Fraud Team and would report to the Head of Revenues & Benefits. It would be responsible for all external local government fraud including fraud on Council Tax Support, discounts and exemptions. Though relocating to Sevenoaks, the team would retain hot desks at Dartford Borough Council.

In response to questions the Anti-Fraud Manager confirmed that he had contacted Kent County Council, asking for financial support for the Counter-Fraud Team.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the content of the report, the work of the Anti- Fraud Team between April 2015 and November 2015 and the proposed re-structure of fraud investigation resources in February 2016, be noted.

34. Internal Audit 2015/16 - 2nd Progress Report

The Audit, Risk and Anti-Fraud Manager presented a report which set out progress of the Internal Audit Team in delivering the Council's assurance requirements for 2015/16 and provided a summary of final reports issued since the meeting of the Audit Committee in September 2015. Of the four final reports issued since the last meeting of the Committee, three had Good opinions while one was Satisfactory. Since the Committee report was published, all audit reviews had been allocated to Auditors. The team was also making steady progress in implementing the improvement action plan agreed by the Audit Committee in June 2015.

Audit Committee - 12 January 2016

He drew Members' attention to the five items on the Audit Plan proposed to be deferred until the following year. The decision on which reports to defer was based on how recently they had been assessed, available capacity and whether deferral would impact the audit assurances that could be given at the end of the financial year.

Responding to Members' questions, the Audit, Risk and Anti-Fraud Manager confirmed that five reviews were being deferred because the team was understrength for much of the year, but the reviews would not be cancelled as they would be included in the 2016/17 Plan. He expected that the remaining reviews in the Plan would be fulfilled as the team was now fully staffed.

The Chairman enquired about the review of Peer Service 2015/16, which had been given Satisfactory opinions for Control Framework and Compliance. The Audit, Risk and Anti-Fraud Manager advised the scheme was innovative and helped spread best practice but was only in its first year of operation and so there was room for further development of the process to make it more effective.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) the contents of the report and the progress made by the Internal Audit Team in delivering the 2015/16 Annual Internal Audit Plan, be noted; and
- b) the amendments to the Internal Audit Plan 2015/16 as set out in Appendix A to the report, be approved.

35. Report on Internal Audit Recommendations Outstanding

The Audit, Risk and Anti-Fraud Manager presented a report which updated Members on progress of the implementation of Internal Audit recommendations agreed with management and reported on outstanding recommendations due for implementation by 30 November 2015. The report also informed the Committee where implementation dates had been revised, or where agreed recommendations had not been implemented. There were seven outstanding recommendations, of which five were low risk and two were medium risk.

Members enquired whether the Audit, Risk and Anti-Fraud Manager was satisfied with the progress made on implementing recommendations. He confirmed he had been working closely with managers and there had been some operational difficulties which had an impact on timescales, however only two were medium risk while the others were low risk.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Audit Committee - 12 January 2016

Resolved: That

- a) no further information or explanation was required; and
- b) the reasons for delayed implementation be noted, and the revised dates for implementation provided by management be endorsed, as set out in Appendix B to the report.

36. Internal Audit Charter

The Audit, Risk and Anti-Fraud Manager introduced a report which proposed an updated version of the revised Internal Audit Charter which incorporated recommendations made within the external quality review report carried out by PwC in 2015, in order to comply fully with current best practice. The Internal Audit Charter was a key document, which detailed the way Internal Audit would conduct or govern itself, in fulfilling its assurance remit. In particular, it set out the Purpose, Authority, Scope and Responsibilities of Internal Audit. He tabled a [schedule of issues raised by PwC and details of the amendments](#) made to the Charter addressing the issues.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the contents of the report be noted, and the revised Internal Audit Charter approved.

37. Work Plan

The Chief Finance Officer explained that a survey would be sent to Members of the Committee in advance of the next meeting to assist with the report on the Review of the Effectiveness of the Audit Committee.

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.00 PM

CHAIRMAN

