

**AUDIT COMMITTEE
24th October, 2012**

Present:- Councillor Sangster (in the Chair); Councillors Gilding, Kaye and License.

An apology for absence was received from Councillor Sims.

P18. MINUTES OF THE PREVIOUS MEETING HELD ON 26TH SEPTEMBER, 2012

Consideration was given to the minutes of the previous meeting of the Audit Committee, held on 26th September, 2012.

Resolved:- That the minutes of the previous meeting be agreed as a correct record for signature by the Chairman.

P19. CORPORATE RISK REGISTER

Further to Minute No. 41 of the meeting of the Audit Committee held on 15th February, 2012, consideration was given to a report presented by Colin Earl, Director of Internal Audit and Asset Management, containing the Council's current corporate risk register detailing the risks associated with the Council's most significant priorities and projects and actions being taken to mitigate these risks.

The Council's key current risks continued to relate to the financial pressures faced by the Council as well as the implications of the Welfare Reforms and the Localism Act. These issues were likely to have major implications for residents and for Council services. The report summarised the management actions that were being taken to mitigate these and other risks in the register.

Further information was provided on the top inherent risks which were:-

- Managing Government budget reductions - unable to maintain key services due to budgetary limits.
- Welfare Reforms.
- Unable to deliver effective Children's Services within budget.
- Localism Act 2011 (Part 2).
- Digital Region.

Further information was requested on the risks associated with the items above and how these would be managed, especially around the Government's budget reductions and financial management of the welfare reform and the impact this would have on the demand and delivery of services.

It was also noted that the Improving Lives Select Commission had received a presentation on the problems associated with increased demand for primary school places this year and would be taking forward a piece of work on how to deal with the shortage of classrooms.

The Committee expressed its concern about the number of red risks and why they remained red when actions taken to mitigate the risks had had no or little effect, although it was acknowledged that some of the issues were beyond the

Council's control.

Reference was also made to the Digital Region and an update was provided on the current position.

In addition, it was noted that the budget had to be finalised by the 22nd February, 2013 which was quite tight given that the settlement would not have been received until December, 2012. This remained a risk as did the ICT changes required to the Council Tax Benefits system.

Further information was also sought on the risks for residents losing housing benefit as a result of a "Bedroom Tax", which was being looked into further by Neighbourhood and Adult Services and the various modelling options which showed what the impact would be, who it would affect and the potential risks associated with this.

Resolved:- (1) That the report be received and its contents noted.

(2) That the current assessment of the Council's top corporate risks be confirmed.

(3) That any further risks identified be added to the risk register.

P20. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by the Marc Bicknell, Chief Auditor, containing a summary of Internal Audit work and performance for the six months ending 30th September, 2012. The report showed that the service continued to perform at a high level across all indicators. As with many Council services, Internal Audit was diminishing in size. However, by using a risk based approach to planning and efficient management of resources, Internal Audit expected to fulfil the statutory responsibilities to give an opinion on the Council's internal control environment and to complete the work on fundamental accounting systems expected by the External Auditor for the 2012/13 financial year.

Audit findings in virtually all areas indicated that satisfactory control arrangements were in place and testing confirmed that these controls were operating effectively during the period under review. Notwithstanding this, work showed that there were opportunities to strengthen arrangements in some areas. Implementation of Internal Audit's recommendations for improvement would reduce the Council's exposure to risks.

There was only one overall inadequate opinion in one area during the period. This was related to the Community Care Direct Payments system where it was highlighted that insufficient checks were being undertaken on the usage of Direct Payments and, as a result, there was an increased risk that the Council could fail to detect instances where monies were not being used on their intended purpose. An Action Plan had been agreed with management that would be monitored closely to ensure improved procedures were implemented.

Further information was provided on the responsive work carried out during this period, which included both investigative work and requests for advice and

assistance and the instance where a large amount of cash had been received by the Cashiers' Service.

The report also detailed a number of revisions to the Audit Plan, which were proposed due mainly to staff vacancies arising during the year.

Resolved:- (1) That the report be received and the performance of the Internal Audit Service during the period be noted.

(2) That the key issues arising from the work done during this period be noted.

(3) That the proposed revisions to the Audit Plan be approved.

P21. ANTI-FRAUD AND CORRUPTION ACTION PLAN

Further to Minutes Nos. 48 and 5 respectively of the meetings of the Audit Committee held on 25th April and 30th May, 2012, consideration was given to a report, presented by Colin Earl, Director of Internal Audit and Asset Management, stating that the Council had a good track record for implementing current best practice relating to anti-fraud and corruption. During the year, guidance had been issued by the Government's Department for Communities and Local Government relating to the Bribery Act, 2010 and the Audit Commission had updated its anti-fraud and corruption advice through its 'Protecting the Public Purse' document.

The Council's self-assessments against the latest guidance showed substantial compliance, whilst highlighting one or two new areas where plans and policies could be developed. The report stated that, rather than maintaining three separate action plans covering the Bribery Act guidance, Protecting the Public Purse and the Council's existing Anti-Fraud and Corruption Plan, all three be amalgamated into one action plan, a copy of which was appended to the submitted report.

Members noted that progress had been reviewed whilst amalgamating the action plans and this showed (a) good practice was being maintained in a large majority of areas, and (b) action was being taken to update the Council's plans and policies where necessary.

Resolved:- (1) That the report be received and the Council's overall good arrangements for managing the risk of fraud be noted.

(2) That the amalgamation of the three separate action plans, covering the Bribery Act guidance, 'Protecting the Public Purse' and the Council's existing Anti-Fraud and Corruption plan, into one amalgamated plan be approved.

(3) That the actions being taken to update relevant parts of the Council's arrangements for managing the risk of fraud be supported.

P22. REVIEW OF COUNCIL TAX SINGLE PERSONS DISCOUNTS

Consideration was given to a report presented by Stuart Booth, Director of Finance, describing the progress of the review of the Council Tax Single Person's Discount, being carried out in conjunction with Northgate (the Revenues software supplier to the Council) and Experian. The project was part

of the Council's arrangements for managing the risk of fraud.

Members noted that, to date, 1,771 single persons' discounts had been cancelled, resulting in additional Council Tax income of over £700,000. Revised Council Tax bills have been issued requesting that relevant payments be made to bring their account up to date. This figure was subject to change due to customers who have previously not made contact now making contact which may result in the Single Person's Discount being reinstated.

Work to finalise the outcomes from the Review would continue over the next few months and a further concluding report would be submitted to the Audit Committee in due course.

It was hoped that through further work with Northgate and Experian that other savings could be realised and this would be reported upon in due course.

Resolved:- (1) That the report be received and its contents noted.

(2) That the very positive outcomes from the work being undertaken by the Council to reduce the value of incorrectly claimed Council Tax Single Person's Discount be noted.

P23. DATE AND TIME OF THE NEXT MEETING

Resolved: - That the next meeting of the Audit Committee take place on 21st November, 2012, commencing at 4.00 pm at the Town Hall.