

Audit Committee and Audit Committee (Advisory) - 17 March 2016

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 17 March 2016 at 7.30 pm.

Present: **Councillors:** Councillor Satnam Gill OBE (Chair), Olly Parker, Raphael Andrews and Richard Greening.

Also Present: **Independent member:** David Bennett

Councillor Satnam Gill OBE in the Chair

87 APOLOGIES FOR ABSENCE (Item A1)

None.

88 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

None.

89 DECLARATIONS OF INTEREST (Item A3)

Councillor Olly Parker declared a non-pecuniary interest in Item B2 – Internal Audit Annual Plan, as a member of the Factory Children’s Centre.

90 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED

That the minutes of the meeting of the Committee held on the 28 January 2016 be confirmed as a correct record of proceedings and the Chair be authorised to sign them.

91 EXTERNAL AUDITOR REPORT (Item B1)

The following points were made during the discussion:-

- There had been a reduction in audit fee of 25% compared to 2014/15.
- The pension assets would be considered in both sets of financial statements and were material figures in both sets of accounts.
- The figure of materiality for planning purposes had been set at £13 million by setting a benchmark on gross expenditure. The reporting threshold was significantly lower at £650,000 but if an error was found this would be reported to members.

RESOLVED that the report be noted.

92 INTERNAL AUDIT ANNUAL PLAN 2016/17 (Item B2)

The following points were made during the discussion:-

- There was a reduction in the number of audit days although there was still enough resource allocated to give a reasonable level of assurance.
- The responsive repairs audit was not yet fully scoped but could cover any aspect from the planning of a repair through to a customer satisfaction survey. The audit would be able to draw on recent audit work in this area in Camden.
- The Head of Internal Audit undertook to forward information regarding the Transforming Street Scene Audit to members.

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- There was a particular concern regarding cyber security and extra assurances were required around IT systems defences.
- The Head of Internal Audit undertook to forward information to members regarding the follow up of the Health and Safety audit – CC16_3 and why it was required.
- That the outstanding recommendations in Planning audit would be monitored and further action taken if necessary.
- Noted that 'HIA and AM' in Table 1 of the report were the Head of Internal Audit and Audit Managers.
- The number of audit days was consistent with the amount of audit days across other authorities. It was planned to move to an increasing proportion of days allocated to the audit in-house team and away from PWC audit days.
- Where there were emerging risks, necessary resources had been allocated to audits by the Director of Finance.
- That the Head of Internal Audit met frequently with the Chair of the Audit Committee and would report any concerns where necessary.

RESOLVED

- 1) that the Annual Internal Audit Plan for 2016/17 be approved;
- 2) That the Head of Internal Audit forward information regarding the Transforming Street Scene Audit and the follow-up to the Health and Safety Audit to members.

93

TEACHERS' PENSIONS GRANT CLAIM (Item B3)

The following points were made during the discussion:-

- For pension deduction changes for 2015/16 there would be a manual calculation for each change which would show separately in the system.
- Financial reconciliations had been completed to the end of January 2016 and amendments dealt with.
- KPMG considered that the figures had not been significant and were pleased with the actions taken.
- The pensions were paid by Capita and it was not possible to obtain the total numbers of those affected.
- This was an issue that could have arisen with the main pension scheme.
- An annual report on teachers' pensions be submitted to the Pensions Board.
- Academy schools would deal directly with teachers' pensions.
- Teachers' pensions had been dealt with previously by Cambridge Education and had been brought in-house.

RESOLVED

- 1) that the Teachers' Pensions claim process improvements for 2015/16 be noted.
- 2) That a report on teachers' pensions be submitted to the Pensions Board.

94

INTERNAL AUDIT FRAUD INVESTIGATION: ANTI-FRAUD STRATEGY (Item B4)

The following points were made during the discussion:-

- The fraud response plan was currently being produced.
- The guidance for officers was set out in the Whistleblowing policy and there were targeted fraud workshops for staff in high risk areas. E-learning modules for staff were currently being considered.
- The need to be vigilant regarding blue badge holder fraud was noted.
- The increasing risk around supplier bank detail fraud was noted.
- To help prevent money laundering, officers were unable to accept over £9000 in cash.
- There had been an increase in whistleblowing reporting by officers.

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- Members be supplied with further information about the Fraud Forum and the types of reports it receives.
- Information regarding the pension scheme for members be forwarded to the Chair of the Committee for possible consideration by the Audit Committee at a later date.

RESOLVED

- 1) That the Anti-Fraud Strategy be noted.
- 2) That information regarding the pension scheme for members be forwarded to the Chair of the Committee.
- 3) Further information regarding the Fraud Forum be forwarded to members of the Audit Committee.

The meeting ended at 8.30 pm

CHAIR