

## AUDIT AND GOVERNANCE COMMITTEE

**Thursday 26 June 2014**

**COUNCILLORS PRESENT:** Councillors Fry (Chair), Fooks (Vice-Chair), Darke, Rowley, Seamons, Thomas and Lygo.

**OFFICERS PRESENT:** Nigel Kennedy (Finance), Anna Winship (Finance), Carol Quanton (Finance), Jeremy Thomas (Law and Governance), Mathew Metcalfe (Democratic and Electoral Services), Jane Winfield (Regeneration and Major Projects), Alan Witty (Ernst and Young), Mike West (Ernst and Young), Christopher Dickens (Pricewaterhousecoopers)

### **1. ELECTION OF CHAIR FOR THE COUNCIL YEAR 2014/15**

The Committee agreed to elect Councillor James Fry as Chair for the Council Year 2014/15.

### **2. ELECTION OF VICE-CHAIR FOR THE COUNCIL YEAR 2014/15**

The Committee agreed to elect Councillor Jean Fooks as Vice-chair for the Council Year 2014/15.

### **3. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Van Coulter (Councillor Mark Lygo attended as a substitute).

### **4. DECLARATION OF INTERESTS**

No declarations of interests were declared.

### **5. STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31ST MARCH 2014**

The Head of Finance submitted a report (previously circulated, now appended) which presented the Council's Statement of accounts for the year ending 31<sup>st</sup> March 2014.

Nigel Kennedy, Head of Finance introduced the report and thanked Officers for their work in producing the Statement of Accounts. He informed the Committee that the Council was in a strong position and hoped for another year of unqualified accounts by the External Auditors.

The Committee agreed to note the contents of the Statement of Accounts certified by the Head of Finance (Section 151 Officer) prior to their submission to the Council's external auditors, Ernst and Young.

## **6. ANNUAL GOVERNANCE STATEMENT**

The Head of Law and Governance submitted a report (previously circulated, now appended). The Council is required by the Accounts and Audit Regulations 2011 to annually review its internal controls environment and produce an Annual Governance Statement which also forms part of the Council's Statement of Accounts.

Jeremy Thomas, Head of Law and Governance introduced the report.

The Committee agreed to approve the 2013/14 Annual Governance Statement.

## **7. EXTERNAL AUDIT PROGRESS REPORT 2014/15 - ERNST AND YOUNG**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's External Auditors, Ernst and Young, which detailed the progress made in delivering the work set out in the 2014/15 audit plan.

Alan Witty from Ernst and Young introduced the report.

The Committee agreed to note the report.

## **8. EXTERNAL AUDIT - LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING - ERNST AND YOUNG**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's External Auditors, Ernst and Young which provided a briefing on issues which might have an impact on the City Council.

Alan Witty from Ernst and Young introduced the report.

The Committee agreed to note the report.

## **9. INTERNAL AUDIT - ANNUAL REPORT 2013/14 - PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which outlined the work undertaken during the 2013.14 year.

Christopher Dickens from Pricewaterhousecoopers introduced the report and highlighted the positive work being undertaken by the Council.

In response to question concerning community centre leases, Jane Winfield, Regeneration and Major Projects Service Manager attended the meeting and informed the Committee that work had progressed in drafting a standard lease for Community Associations and this was moving forward.

The Committee agreed:

- (a) To note the report;
- (b) To request the Head of Finance and the Regeneration and Major Projects Service Manager submit a report to a future meeting of the Audit and Governance Committee, further updating the Committee on the progress of leases for community centres and Community Associations.

## **10. INVESTIGATION TEAM FINANCE, PERFORMANCE 2013/14**

The Head of Finance submitted a report (previously circulated, now appended) which:

- (a) Reported the Investigations Team's performance for 2013/14, and;
- (b) Reported on the risk of potential loss through fraud, the Audit Commissions Fraud Survey 2013/14 and the Protecting the Public Purse checklist.

Carol Quinton, Investigation Manager attended the meeting and introduced the report. In response to questions she said that more alleged fraud cases were now being sent to the Department of Work and Pensions (DWP) Fraud Investigation Service and this has affected the figures for the team along with staffing issues. The DWP had also suspended HBMS matches due to a technical issue which had also affected the number of cases that had been completed.

The Committee agreed to note the report.

## **11. PROTECTING THE PUBLIC PURSE - THE FUTURE OF THE INVESTIGATION SERVICE**

The Head of Finance submitted a report (previously circulated, now appended) which updated Members on the transfer of Housing Benefit fraud investigation work and Officers to the Department for Work and Pensions (DWP) Single Fraud Investigation Service (SFIS) and the retention of investigative resources.

Carol Quinton, Investigation Manager, attended the meeting and introduced the report.

In response to questions concerning resources, Carol Quinton said that losing, the equivalent of 2.9 FTE's could affect the ability of the team to move into other areas of preventing corporate fraud. Nigel Kennedy added that the issue of resources was being reviewed.

The Committee agreed:

- (a) To note the report;
- (b) To request the Head of Finance to submit a further report to a future meeting of the Audit and Governance Committee, updating the Committee on the impact of the changes on the Council.

## **12. TENANCY FRAUD AMNESTY**

The Head of Finance submitted a report (previously circulated, now appended) which updated the Committee on the proposed implementation of a tenancy fraud amnesty campaign which was subject to approval by the City Executive Board.

Carol Quinton, Investigation Manager attended the meeting and introduced the report.

In response to questions, Carol Quinton informed the Committee that she had approached other social housing providers in the City to see if they wished to join this initiative.

The Committee agreed:

- (a) To note the report;
- (b) To support the tenancy fraud amnesty initiative and to recommend the City Executive Board accordingly.

## **13. RISK MANAGEMENT QUARTERLY REPORTING: QUARTER 4, 2013/14**

The Head of Finance submitted a report (previously circulated, now appended) which updated the Committee both on corporate and service risks as at the end of quarter 4, 31<sup>st</sup> March 2014.

Anna Winship, Finance, attended the meeting and introduced the report.

The Committee agreed to note the report.

## **14. PROGRESS ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS**

The Head of Finance submitted a report (previously circulated, now appended) which updated the Committee on the progress made on the implementation of internal and external audit recommendations.

Anna Winship, Finance, attended the meeting and introduced the report.

In response to questions, Anna Winship said that there were no new external audit recommendations to be added. There was one new internal risk recommendation and 15 recommendations that had not been completed and had their review dates reviewed.

Jane Winfield, Regeneration and Major Projects Service Manager, with regard to internal audit risk recommendations on the Asset Plan, said that all of these would be treated as items for consideration as part of the Asset Plan review.

The Committee agreed to note the report.

## **15. MINUTES**

The Committee agreed to approve the minutes of the meeting held on 24<sup>th</sup> April 2014.

## **16. DATES OF MEETINGS**

The Committee agreed to note that it would meeting at 6.00pm at the Town Hall on the following dates:

Monday 22<sup>nd</sup> September 2014

Thursday 18<sup>th</sup> December 2014

Thursday 26<sup>th</sup> February 2015

Thursday 23<sup>rd</sup> April 2015

**The meeting started at 6.05 pm and ended at 7.40 pm**

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