

**MINUTES OF THE AUDIT COMMITTEE
TUESDAY, 3 FEBRUARY 2009**

Councillors Rahman Khan (Chair), Bull, Diakides, Gorrie and Mallett (Vice-Chair)

Apologies Councillor Davies

| MINUTE NO. | SUBJECT/DECISION | ACTION BY |
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| PRAC62. | <p>APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Cllr Davies.</p> | |
| PRAC63. | <p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p> | |
| PRAC64. | <p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p> | |
| PRAC65. | <p>MINUTES</p> <p>In respect of the circulated minutes of the 28 October 2008, Cllr Gorrie requested an update on how progress on the resolutions made in respect of the Health Inequalities report (PRAC53) would be monitored. The Chair would forward an update on this issue to Cllr Gorrie outside the meeting.</p> <p>Cllr Gorrie also requested an update on the position regarding Icelandic Banks (PRAC56), and expressed concern that there had been no Member involvement in the governance process for the review. Concern was also expressed that the initial report had yet to be published, although it had been due for the end of December 2008. The Chair noted the concerns expressed, and reported that the issue of Icelandic Banks was referred to by Grant Thornton in the CPA Use of Resources report. Grant Thornton had taken the view that the Council had acted in accordance with its treasury management policy.</p> <p>RESOLVED</p> <p>That the minutes of the Audit Committee held on 28 October 2008 be approved and signed by the Chair.</p> | |
| PRAC66. | <p>DEPUTATIONS AND PETITIONS</p> <p>There were no deputations or petitions.</p> | |
| PRAC67. | <p>COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES AND DATA QUALITY - AUDITOR'S REPORT 2008 - THE COUNCIL'S ACTION PLAN</p> | |

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The Committee received a report on the external auditors' report on the CPA Use of Resources and Data Quality audits undertaken during 2007/08 and the action plan. These two pieces of work contribute to the annual Value for Money (VfM) conclusion.

Grant Thornton outlined the key recommendations from the Use of Resources and Data Quality. The Chair thanked Grant Thornton for this important work and invited questions from the Committee.

In response to a question from the Committee regarding the nature of the role of the Sector in relation to investments made with Icelandic Banks, Grant Thornton responded that they considered that the Sector provided treasury management advice to the Council.

The Committee asked what evidence Grant Thornton had considered regarding how the Council's procurement arrangements were maximising local benefits and what the definition of local benefits was. Grant Thornton would provide the information on these issues and the basis on which their conclusions had been reached outside the meeting.

The Committee enquired further about the Data Quality conclusions, in light of Members having some negative experience of data issues from individual services. Grant Thornton reported that the data quality assessment was based on strict Audit Commission criteria relating to systems the Council was expected to have in place on a corporate level.

In response to questions from the Committee regarding the accounts of the Alexandra Palace and Park Charitable Trust, Grant Thornton reported that the system for producing separate accounts was consistent with current accounting standards. It was noted that, although the accounts were separate, the Chief Financial Officer, as Section 151 Officer, had responsibility for the proper administration of the financial affairs of the Council as a whole, including the Alexandra Palace and Park Charitable Trust.

The Committee asked for assurance regarding the information provided by the Council to Ofsted, and it was reported that Grant Thornton would take this into account in their forthcoming work.

In response to a request from the Committee for feedback relating to adult transport, it was reported that this would be covered as part of the Scrutiny Review of Service Based Transport with Adult Social Care and that if any issues arose that needed further attention, then these would be brought back to the Committee as necessary.

The Chair expressed satisfaction that the overall scores had improved on the previous year. The Chair requested that the Committee be provided with periodic updates on each of the Key Lines of Enquiry in order for the Committee to monitor the implementation of the recommendations, as recommended by Grant Thornton.

The Chair asked Grant Thornton about the public satisfaction element of

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| | <p>the new Comprehensive Area Assessment arrangements and the need to balance the interests of the organisation and the public on areas where these were not completely aligned. It was reported that the precise definition and scope for “public satisfaction”, and how this would be incorporated into the system, was still being developed. Eve Pelekanos, Corporate Head of Performance and Policy, reported that the Place Survey commissioned from MORI would form a key part of the Comprehensive Area Assessment, and that the results of the survey would be reported to Members as soon as they were available.</p> <p>The Chair commented that in order to get a balanced assessment from the External Auditors under the new CAA regime, he felt that it was essential for the inspecting agencies to have neutral eyes and ears in making the overall judgements, taking into account the performances of the Council along with other local partners. The Chair also requested a copy of the detailed report on management arrangements as provided to officers, as mentioned on paragraph 3.3 of the report, for the greater interest of proper discharge of duties.</p> <p>RESOLVED</p> <p>That the CPA Use of Resources and Data Quality scores for 2008, the auditors’ recommendations and the action plan in response be noted, and that the Committee be provided with periodic updates in order to monitor the implementation of the recommendations and to comply with the hopes and aspirations of Grant Thornton, as mentioned at the report in various sections.</p> | |
| <p>PRAC68.</p> | <p>GRANTS REPORT 2007/08</p> <p>The Committee received a report on the outcomes of the annual grant work by Grant Thornton. It was reported that the Council’s performance in relation to grants had improved in 2007/08 compared with 2006/07, and that the level of fees charged for grants work had reduced.</p> <p>In response to questions from the Committee relating to the late submission of the Housing and Council Tax Benefits claim, the Chief Financial Officer reported that the final settlement did not affect the Council’s cash-flow as an estimated payment had been received in advance. This also applied to the late submission of the EYC02 claim. Grant Thornton reported that it was important for the deadlines to be met in order to ensure that the audit could be certified on time, in line with the specifications of the Audit Commission.</p> <p>The Chair urged officers to ensure that the target for claims submitted on time was exceeded in future.</p> <p>RESOLVED</p> <p>That the management responses contained in the action plan be agreed.</p> | |

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| <p>PRAC69.</p> | <p>REVIEW OF PROBITY AND PROPRIETY - FINAL REPORT BY GRANT THORNTON</p> <p>The Committee received a report on the outcome of the review of probity and propriety and the Council's response to the findings and recommendations.</p> <p>The Committee asked for further information on the recommendation that members of the Audit Committee be independent of both executive and scrutiny functions. Grant Thornton reported that this was part of CIPFA guidance, as there was a potential conflict of interest for any Member sitting on both Audit and either Standards or Scrutiny committees. The Chair agreed with the CIPFA guidance on this point, and suggested that this be looked into further.</p> <p>The Chair reported that he had requested a separate report on the Council's whistleblowing policy for consideration by the Audit Committee, and this was welcomed by the Committee.</p> <p>The Committee agreed on the necessity of robust partnerships, and the Council's role in influencing partner organisations in relation to best practice for ethical governance.</p> <p>RESOLVED</p> <p>That the report be noted and the management responses contained in the action plan be agreed.</p> | |
| <p>PRAC70.</p> | <p>AUDIT PROGRESS REPORT - FEBRUARY 2009</p> <p>The Committee received an audit progress report from Grant Thornton.</p> <p>The Chair requested that Grant Thornton present an in-depth report on the International Financial Reporting Standards to the Audit Committee, in order to help the Committee to monitor their implementation, and that Committee members be given an opportunity to join the workshops being arranged by Grant Thornton.</p> <p>RESOLVED</p> <p>That the content of the report be noted.</p> | |
| <p>PRAC71.</p> | <p>PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT</p> <p>The Committee received a report on the counter fraud performance of the Benefits and Local Taxation Service from the 1st October 2008 – 30th December 2008. Correcting some of the figures presented in the report, Tim Fisher, Deputy Head of Benefits and Local Taxation, advised the Committee that the number of cautions issued in the third quarter 2008/09 should be 23 and the number of admin penalties for the same period should be 9. Under successful outcomes for year-to-date</p> | |

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| | <p>2008/09, the number of cautions should be 41, and the number of admin penalties 20. Mr Fisher reported that performance for the third quarter 2008/09 was above target, and that performance was expected to meet the target for the full year.</p> <p>Mr Fisher reported on activities relating to the anti-fraud and corruption strategy, particularly relating to the promotion of the 'keep us informed' message. Department for Work and Pensions (DWP) data indicated that in the period 1st June 2008 – 20th November 2008, the Benefits and Local taxation Service had made 17, 376 alterations to existing benefits claims as a result of claimants reporting changes or as a result of the activities to promote the 'keep us informed message'. It was also reported that 87% of those who had participated in the pilot scheme to report changes of circumstances at their local Post Office had indicated that they would wish to continue using this service, and that Royal Mail were in discussions with DWP regarding whether to promote this type of partnership nationally.</p> <p>The Committee suggested that the issue of how overpayments were handled should be considered by the Overview and Scrutiny Committee. Cllr Bull would discuss this further with the Scrutiny department. Mr Fisher confirmed that he would circulate the sanctions policy to Members for information.</p> <p>In response to a question from the Committee, Mr Fisher reported that benchmarking figures for the recovery of overpaid benefits by other local authorities were not available.</p> <p>For clarity, Mr Fisher agreed that he would include a key to the table of cases successfully sanctioned produced for future reports to the Committee.</p> <p>RESOLVED</p> <p>That the report and the work being carried out by the Benefits and Local Taxation Service in relation to Counter Fraud activity be noted.</p> | |
| <p>PRAC72.</p> | <p>INTERNAL AUDIT PROGRESS REPORT - 2008/09 QUARTER 3</p> <p>The Committee received a report on the work undertaken during the third quarter by the Internal Audit Service. It was reported that Deloitte and Touche were on target to complete the audit plan in full by year end, and that 12 projects had been finalised by Deloitte and Touche in the third quarter. A progress update on the implementation of outstanding recommendations was provided, following the Committee's request at the previous meeting that all outstanding recommendations be implemented by target dates of either 31 December 2008 or 31 March 2009.</p> <p>The Committee noted that some of the recommendations that had been given a deadline of 31st December 2008 at the previous meeting were still outstanding. Further to the proposal made at the previous meeting</p> | |

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that, where there was a failure to implement outstanding recommendations by the deadlines set, the relevant Heads of Service be required to attend the Audit Committee to explain why, it was reported that this had not been felt to be necessary, as sufficient progress had been reported against all the outstanding actions. In future, it was agreed Heads of Service would be required to attend meetings to explain to the Committee any failure to implement recommendations and that any exception to this would have to be approved by prior Consultation with the Chair of the Committee.

Following discussion with the services regarding realistic delivery dates, revised deadlines had been proposed. The Committee considered each of the revised deadlines and approved the revisions, as set out in the report, as the final dates, with the following exceptions:

- Waste Management 4. – a deadline had not been established as implementation was dependent on Enterprise. The Committee requested that the Director agree a deadline with Enterprise.
- Appointeeship & Receivership 9. – the Committee set a deadline of March 2009 for implementation.
- Appointeeship & Receivership 10. – the Chair stated that the Committee could not accept the present position, and requested that the Chief Financial Officer develop an appropriate framework, for implementation by September 2009.

For all the recommendations, the Chair emphasised that the revised deadlines must be adhered to.

The Chair emphasised that it was necessary to have a separate report on risk management at each of the quarterly meetings, as risk management could not be adequately covered as part of another report.

RESOLVED

- i) That the audit coverage and progress during the third quarter 2008/09 and on the reports outstanding from 2007/08 be noted.
- ii) That the progress and responses received in respect of outstanding audit recommendations be noted.
- iii) That Heads of Service be required to attend the Audit Committee to account for any failure to implement outstanding recommendations by the revised deadlines agreed by the Committee, with exceptions being agreed by the Chair.
- iv) That a standard report on Risk Management be presented by the Chief Financial Officer to the Committee on a quarterly basis and on a yearly basis with the Corporate Risk Registers, together with a detailed report on the actual maintenance of all

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| | <p>the Risk Registers of different bodies of the Council, including the one covering the Council's position in terms of the risks associated with Alexandra Palace and Park.</p> | |
| PRAC73. | NEW ITEMS OF URGENT BUSINESS There were no new items of urgent business. | |
| PRAC74. | DATE OF NEXT MEETING The next scheduled meeting of the Audit Committee would take place on Thursday, 23 April 2009 at 19:30hrs at the Civic Centre, Wood Green, London N22. The meeting concluded at 21:15hrs. | |

COUNCILLOR GMMH RAHMAN KHAN

Chair