

DRAFT MINUTES OF THE AUDIT COMMITTEE

26 April 2007

Councillors: *Gmmh Rahman Khan (Chair), *Bull (Vice-Chair), Bloch, *Davies,
*Thompson, Patel, *Whyte and *Wilson.

* Members present.

AUD58. APOLOGIES (Item 1):

No apologies for absence were received.

AUD59. URGENT BUSINESS (Item 2):

There were no items of urgent business.

AUD60. DECLARATIONS OF INTEREST (Item 3):

Councillor Khan, Chair, declared personal interests in respect of Items 8 and 11 on the agenda, because of his membership of the Haringey Council Pension Fund.

AUD61. MINUTES (Item 4):

The minutes of the meeting of the Audit Committee held on 25 January 2007 were confirmed and signed as a correct record.

Mr Almeroth informed the Committee that the promised Action Plan on CPA Use of Resources Auditor Judgement, improving the Key Lines of enquiry i.e. internal control, value for money and by all means equipping the Audit Committee to perform the pro-active role would be presented at the earliest.

AUD62. DEPUTATIONS / PETITIONS (Item 5):

There were no Deputations or Petitions.

AUD63. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY ERELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT (Item 15):

Mr Fisher introduced the report by giving background to counter fraud activity, noting that CFP and Pathfinder had achieved their targets for the year. The Committee noted that the Pathfinder joint working initiative had closed, which had resulted in new working protocols being established in conjunction with the DWP. The Committee noted that the Report highlighted a number of legal and procedural barriers that had presented some problems to maintaining a joint working process. In respect of overpaid housing benefit, the Committee noted that £1,184,528 in benefit overpayments had been identified through counter fraud activity. In respect of the breakdown of Local Authority error overpayments for 2005/06, the Committee noted the figures highlighted in the report indicated that the Council had relatively low error overpayment rates.

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That the report and the work being carried out by the Benefit and Local Taxation Service in relation to Counter Fraud Activity be noted.

AUD64. EXTERNAL AUDIT PROGRESS REPORT (Item 6):

Ms Hill of the Audit Commission presented an external audit progress Report to the Committee and highlighted from the report the progress made since the last meeting on various issues. The Committee noted that the Audit and Inspection Letter 2006 was presented to the Council's Executive on 24 April 2007. Further, it noted that the 2007/8 audit and inspection plan was currently being progressed and would be presented to the next meeting following its agreement with officers by the incoming external auditors, Robson Rhodes. In presenting the report, the Committee was informed that the CPA has evolved over time and the current framework aims to reduce the overall regulatory burden on Councils by bringing together information from other inspectorates and auditors to form an overall view of the performance of the councils, but in a totality the test would be harder. Finally, the Committee noted that an allocations/lettings inspection would take place in October.

RESOLVED

That the External Audit Progress Report be noted.

AUD65. ANNUAL AUDIT AND INSPECTION LETTER (Item 7):

Ms Hill of the Audit Commission presented the Annual Audit and Inspection Letter to the Committee and gave a summary of it. The letter's main messages were:

- The Council is improving well and has been assessed as a three-star authority under the CPA framework
- the Council received an unqualified opinion on its 2005/6 financial statements; and
- the Council received an unqualified conclusion on its arrangements for securing value for money during 2005/6.

The Committee noted the actions that the Executives, on behalf of the Council had set out in response to the Audit Commission's recommendations, namely:

- improve social services for adults, in particular to support better adults with mental health problems;
- develop further its approach to tackling homelessness and regenerating the Borough;
- continue to enhance risk management across the Council and its partnerships;
- continue to implement its action plan to improve the project and financial management of major projects; and
- embed the improved arrangements for securing value for money Council-wide.

The Committee discussed the responses to the Letter and highlighted concerns in respect of the Action Plans associated with each of the responses

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outlined above – particularly concerning improvements to social services for adults. There were concerns raised over whether the action plan was sufficiently robust, which the Committee could not fully consider this as the detailed action plans were not part of the report. In respect of the concerns over Social Services, this exercise would be established with the Director of Social Services and Audit officers before it was returned to the Committee.

In respect of Ethical Governance, the Committee requested that a report be prepared giving an up-date on this matter, as it was considered as a key component in driving improvements. Further questions having been put by the Committee and answers given on this matter, a motion was put by the Chair that it was:

RESOLVED

- (i) That the report was noted and that an update is required for Members on the sufficiency and progress of the Social Services action plan. The officers be requested to report further concerning detailed Action Plans.
- (ii) That a further update report be submitted to the Committee in respect of Ethical Governance.

AUD66. OPINION AUDIT REPORT 2005/6 (Item 8):

Ms Hill of the Audit Commission presented the main conclusions of the report on the Council's accounts, together with the Action Plan established in response to the opinions. The Committee was advised that the findings of the Report, and the actions taken were largely satisfactory.

The Committee considered the Action Plan, highlighting the high priority areas. In respect of a £15k discrepancy on the bank reconciliation at 31 March 2006 (Recommendation 11 of the Action Plan), the Committee was advised that this had subsequently been rectified. In respect of Recommendation 12, the Committee were informed that, since a revised process of handling bank reconciliations had been established, there had been no further discrepancies.

RESOLVED

- (i) That the Audit Opinion Report and the proposed action plans be noted.
- (ii) That the need for continued improvements in the Council's reconciliation processes, particularly the banks reconciliation be emphasised.

AUD67. OTHER AUDIT COMMISSION REPORTS FOR INFORMATION (Item 9):

Ms Hill of the Audit Commission submitted three reports for information to the Committee as follows:

- a. Performance indicators/data quality audit report
- b. Governing partnerships report
- c. Supporting People inspection report

RESOLVED

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- (i) That the following three reports:
 - a. Performance indicators/data quality audit report
 - b. Governing partnerships report
 - c. Supporting People inspection report

be noted.

- (ii) That officer's report further in due course on the each of the respective action plans.

Councillor Thompson left the meeting at this point of the meeting, time: 20:37.

AUD68. INTERNAL AUDIT SERVICE TERMS OF REFERENCE (Item 10):

Head of **the** Audit & Risk Management, Ms Woods, informed the Committee of the proposed new Terms of Reference having received guidance from the revised CIPFA Code of Practice. The Committee was advised that most of the practices of the Internal Audit Service currently paid due regard to the Code of Practice, but that the Terms of Reference would ensure that the Council complied fully with the CIPFA Code of Practice. Ms Woods advised that as advised by the Legal Service there was no requirement to amend the Council's Constitution implementing the Terms of Reference.

RESOLVED

That the Terms of Reference for the Council's Internal Audit Services as set out in the appendix to the report be approved.

AUD69. INTERNAL AUDIT PROGRESS REPORT – 2006/7 – 4TH QUARTER (Item 11):

The Head of Audit & Risk Management, Ms Woods, informed the Committee that the annual Internal Audit report would be reported to the next meeting and this report presented the activity completed during the fourth quarter. In respect of the update report before the Committee, it was highlighted that all outstanding recommendations from previous years' follow up programmes had been responded to satisfactorily and identified that management had taken appropriate action where necessary and the full summary could be sent to Members on request. The Committee requested that it would require the full report to be presented at the next Committee, with particular attention paid to priority 1 recommendation which would need to be subjected to time limitations and to come with direct responses from senior officers and executive members as necessary.

RESOLVED

- (i) That the audit coverage and progress during the fourth quarter of 2006/7 be noted.
- (ii) That a full report on follow up programmes be presented to the next Audit Committee, with responses from relevant Directors, Executive Members & recommendations of appropriate actions, if any where any recommendations remained outstanding unduly.

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- (iii) That adequate steps be taken to implement the overall recommendations of the detailed findings on various services, say, 4 priority 1, 59 priority 2 & 5 priority 3 within the stipulated time-limits.

AUD70. STATEMENT OF INTERNAL CONTROL 2006/7 (Item 12):

The Head of Audit & Risk Management, Ms Woods, informed the Committee of the requirements of the Statement of Internal Control for 2006/7 and provided the Committee with a draft statement for approval. The Committee was advised that in respect to economic efficiency and effectiveness, a number of controls had been put into place to ensure appropriate scrutiny of council policies and processes. It was stressed that the Council's Overview and Scrutiny Committee /or any other Committee be fully involved in this process to justify the certification in future, as stipulated in point no-1.1 of the report.

In respect of risk management activities of the Council, the Committee requested a paper on the agreed Business Continuity Plans, as required under the Civil Contingencies Act 2004. The Committee further requested a timeframe in which the Action Plan for addressing the gaps in compliance with the Code of Corporate Governance would be put into place. The Committee also requested that this Code was accessible to all staff by the time of the next Committee meeting.

RESOLVED

- (i) That approval be granted to the draft Statement of Internal Control 2006/7, subject to the full satisfaction by the appropriate officer of the Council, as regards the certification as stipulated in point no-1.1 of the report.
- (ii) That the Business Continuity Plan, and the Code of Corporate Governance be available for the Committee at its next meeting
- (iii) That all future Action Plans include timeframes for completion.

AUD71. ANNUAL AUDIT PLAN 2007/8 (Item 13):

The Head of Audit & Risk Management, Ms Woods, informed the Committee of the proposed operational Annual Audit Plan for 2007/8, it having been explained that the drafting of this Plan was necessary in order to set out the Internal Audit work to be completed during the 2007/8 financial year. The Committee also received an explanation of the purpose of the Internal Audit Strategy, noting that the Strategy had not changed significantly from the previous year's one. In respect of the Internal Audit Annual Report, this would be reported to the Committee's next meeting. The Committee heard that satisfactory processes had been set out in the guidance set out in the Combined Code and Smith Report (section D3.2(c)). As a result of this, the Committee would be required to monitor and review the effectiveness of the organisation's Internal Audit Service in due course.

RESOLVED

The Committee resolved to approve the Annual Audit Plan for 2007/8 and the Internal Audit Strategy.

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AUD72. RISK MANAGEMENT UPDATE (Item 14):

The Head of Audit & Risk Management, Ms Wood, updated the committee on the monitoring of the Councils' risk management strategy. The Committee were advised that as a result of the Council's re-shaping, there would need to be a realignment of the risk to the new reporting Chief Officers and directorates. Given this, the Committee requested that the register be brought back to its next meeting for consideration. In respect of recent developments in the monitoring of risk management, the Committee were informed that as with Council officers at present, full training would be provided for Committee Members in due course. She also wanted to table the revised Corporate Risk Register at the meeting, which the Chair asked to defer for the next meeting, as the Committee needed appropriate time to digest the contents of the register.

RESOLVED

- (i) That the update on risk management strategy Report be noted.
- (ii) That officers present the Risk Registers to members at the next meeting and the members of the Committee be given full training on the subject.
- (iii) That further information on risk management from the relevant Council Officers be sought by the Chair be noted, and that feedback would be given at the meeting of the Committee.

The meeting ended at 21:20 hours.

Councillor Gmmh RAHMAN KHAN
CHAIR

DATE: