

Minutes of: AUDIT COMMITTEE

Date of Meeting: 3 March 2014

Present: Councillor E Fitzgerald (in the Chair)
Councillors M Bailey, P Bury, M Hankey, P Heneghan,
S Nuttall and B Vincent

Also in attendance: Jillian Burrows – KPMG
Adam Langan - KPMG
Jayne Hammond – Assistant Director of Legal and
Democratic Services
Anita Green - Solicitor

Public Attendance: No members of the public were present at the meeting.

Apologies for Absence:Councillor J Frith and Councillor K Rothwell

AU.809 RETIREMENT OF HEAD OF INTERNAL AUDIT

The Chair, Councillor FitzGerald reported that this was to be last Audit Committee Meeting that Barrie Strothers would be attending as he was due to retire at the end of the month.

Councillor FitzGerald thanked Barrie on behalf of the Audit Committees past and present for his hard work and support.

It was agreed:

That the Audit Committee wish Barrie Strothers a long and happy retirement.

AU.810 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

AU.811 MINUTES OF THE LAST MEETING

Delegated decision:

That the Minutes of the last meeting of the Audit Committee held on 3 December 2013 be approved as a correct record and signed by the Chair.

AU.812 PUBLIC QUESTION TIME

There were no members of the public present to ask questions under this item.

**AU.813 AUDIT TRAINING - REGULATION OF INVESTIGATORY POWER ACT 2000
"RIPA"**

Anita Green, Solicitor, gave a presentation explaining why Local Authorities need the Regulation of Investigatory Powers Act 2000(RIPA) and why they have to comply with it.

The Council uses RIPA to gather evidence of criminal offences and to undertake covert surveillance to catch criminals in the act.

It was explained that before the Protection of Freedoms Act 2010, RIPA had been used by many councils for any type of criminal offence including dog fouling and littering. A case was brought by Jenny Paton against Poole Borough Council where RIPA had been used to carry out covert surveillance on herself and her children. The courts felt that in this case the use of surveillance was disproportionate, unnecessary and unlawful. .

Since the introduction of the Protection of Freedoms Act 2010 local authorities can only use directed surveillance where the criminal offence being investigated is punishable with at least a 6 months sentence and judicial approval must be obtained from a Magistrate.

These other measures mean that the Council had more forms to fill in and a trip to court but was also safeguarding judicial approval.

It was explained that the courts took this role very seriously and were extremely thorough when considering the facts of the case as to whether the need for covert surveillance is required.

The Council uses RIPA in benefit fraud cases and the underage sale of cigarettes and alcohol

Anita gave a few examples of high profile cases where RIPA had been used to catch people committing benefit fraud and explained that without the use of the surveillance this would have been difficult to prove.

Members of the Committee were given the opportunity to ask questions and the following points were raised:-

- Councillor Vincent asked whether the money that had been claimed fraudulently would be recouped by the Council after successful prosecutions.

Anita explained that where possible the money would be seized but in some cases the offenders had no assets and as such were unable to repay any money that had been claimed by them.

Councillor Hankey asked if there were any repercussions if the Council were unable to prove fraud after using RIPA.

It was explained that as long as the judge is happy that there is evidence to carry out surveillance at the outset it is fine.

It was agreed:

That Anita be thanked for her presentation.

AU.814 RIPA - ANNUAL REPORT 2013

Jayne Hammond, Assistant Director of Legal and Democratic Services and the Council's Monitoring Officer presented a report from the Deputy Leader of the Council and Cabinet Member for Finance and Corporate Affairs.

The report informed Members of the Council's responsibilities under the Regulation of Investigatory Powers Act 2000 (RIPA) and the outcome of a recent inspection by the Office of Surveillance Commissioners.

The report explained that the law had RIPA had changed from November 2012 when approval of authorisations to carry out surveillance must meet a crime threshold.

The report set out the numbers of authorisations for the previous years as:-

Four in 2010/2011, three in 2011/2012 and eight in 2012/2013

The inspector had reviewed and approved a sample from each year.

It was explained that the inspection report of the Office of Surveillance Commissioners had contained one recommendation which was to amend the Council's Policy Guide. The guide had been kept up to date in terms of legislation but required some drafting amendments. New forms for officers also required updating and this information was being updated on the Council's intranet.

It was agreed:

That the contents of the report and the appendix be noted.

AU.815 FINANCIAL MONITORING REPORT - APRIL 2013 TO DECEMBER 2013

The Assistant Director of Resources, Steve Kenyon, presented a report updating Members of the Committee on the Authority's financial position in line with the Committee's Statement of Purpose to 'provide independent scrutiny of the authority's exposure to risk and the control environment'.

The report indicated that the Authority was projecting an overspend of £0.085m for the year based on spending and income information as at 31 December 2013.

The report included a snapshot of the balance sheet which provided useful information in which trends could be plotted as the exercise is repeated. This addition to the report had been requested by the Audit Committee at an earlier meeting during 2013/2014 Municipal Year.

A fuller version of the report was considered by Overview & Scrutiny on 12

February 2014.

Delegated decision:

That the contents of the report be noted.

AU.816 QUARTERLY GOVERNANCE STATEMENT OCTOBER - DECEMBER 2013

The Head of Internal Audit, presented a report providing Members with a quarterly update on the Annual Governance Statement which had been approved by the Audit Committee at its meeting on June 25 2013.

The report gave an update on the continuous monitoring that was carried out and highlighted any relevant issues with regards to Risk Management, Business Continuity, Budget Monitoring, the work of Internal Audit, Review of Ethical Governance, the work of the Governance Panel, Gifts and Hospitality and Sickness levels across the authority's staff.

The up to date Corporate Risk Register was appended to the report and informed Members of the risk event and status. It was explained that the Risk Register had been updated to reflect the most current high level risks facing the organisation.

Delegated decision:

That the contents of the report be noted.

AU.817 GIFTS AND HOSPITALITY

Steve Kenyon presented a report providing Members with an update of the system to declare, monitor and report gifts and hospitality offered to or received by staff and Members.

The report covered the period October 2013 to December 2013.

Delegated decision:

That the contents of the report be noted.

AU.818 CERTIFICATION OF GRANTS AND RETURNS

Jillian Burrows from KPMG presented the Committee with the Certification of Grants and Returns report for 2012/2013 which summarised the results of the work that had been undertaken by KPMG in this area.

It was reported that the Committee had received the report on 13 January 2014 and had approved the contents of the report electronically before the 28th February 2014.

Delegated decision:

That the electronic approval of the report be acknowledged and recorded.

AU.819 EXTERNAL AUDIT PLAN 2013/2014

Jillian Burrows from KPMG presented a report setting out the work that KPMG would be undertaking during 2013/2014 as the Council's External Auditors.

The report gave a timetable of work to be completed and included planning, control evaluation, substantive procedures and completion which was due to take place in time for the July 2014 Audit Committee.

It was explained that as part of the audit there would be some work carried out in relation to the Local Government Pension Scheme which has undergone its triennial valuation. This will involve liaising with the auditors of the pension fund.

The other areas that the External Auditors will be undertaking work on were outlined within the report and included the Council's savings plan and would incorporate reserves and balances, provisions and value for money.

The Value for Money work that would be carried out by KPMG was set out within the report and the approach to this work was explained.

Members were given the opportunity to ask questions and make comments on the report and the following points were raised:-

- Councillor Vincent referred to the work that would be carried out in relation to the Local Government Pension Scheme and asked if there was any detrimental effect in relation to the numbers of employees across the scheme who were taking early retirement.

It was explained that KPMG would not be looking at this area when reviewing the scheme. The type of information Councillor Vincent was referring to would have to be provided by the Scheme's own actuary who was responsible.

Steve Kenyon explained that all Council's within the scheme had a figure agreed in relation to the pension fund and costs incurred around early retirements.

As long as the Council's figures fell within this amount no actual cost was incurred. This figure was monitored closely by the Human Resources and Appeals Panel. It was also explained that each request had to be accompanied by a business case which required signing off by a number of Councillors and Officers before going to the HRA panel.

Delegated decision:

That the External Audit Plan be accepted

AU.820 EXTERNAL AUDIT PROGRESS REPORT

Jillian Burrows presented the Committee with the progress statement in relation to

the 2013/2014 external audit programme.

Delegated decision:

That the progress statement be noted

AU.821 EXCLUSION OF PRESS AND PUBLIC

Delegated decision:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

AU.822 INTERNAL AUDIT PLAN 2014/2015

Barrie Strothers, Head of Internal Audit presented the Committee with the 2014/2015 Annual Plan.

The report set out the proposed Internal Audit Plan for the year 2014/2015.

Appended to the report was the methodology used to prepare the plan and a full breakdown of the plan itself.

Delegated decision:

That the 2014/2015 Internal Audit Annual Plan be approved

AU.823 INTERNAL AUDIT PROGRESS REPORT 2013/2014

The Head of Internal Audit submitted a report briefing the Committee Members on the work being carried out currently by Internal Audit in line with the Annual Audit Plan 2013/2014.

Details of work undertaken and Audit Reports issued were included in the report with significant issues highlighted.

Delegated decision:

That the contents of the report be noted.

AU.824 INTERNAL AUDIT FEEDBACK

The Head of Internal Audit submitted a report providing feedback to Committee Members in the form of responses to specific issues raised in relation to Audit Reports and queries.

Delegated Decision:

That the contents of the report be noted.

COUNCILLOR E FITZGERALD

Chair

(Note: The meeting started at 7.00 pm and ended at 8.25 pm)