

AUDIT COMMITTEE

Meeting held in the Committee Room, Council Offices, Urban Road, Kirkby-in-Ashfield,

on Monday, 27th November, 2017 at 6.30 pm

Present: Councillor Kevin Rostance in the Chair;

Councillors Chris Baron, Tom Hollis and Helen-Ann Smith (as substitute for Robert Sears-Piccavey).

Apologies for Absence: Councillors Jackie James and Robert Sears-Piccavey.

Officers Present: Lynn Cain and Ruth Dennis.

In Attendance: Rachit Babbar and Debbie Stokes (KPMG).
Mandy Marples and Hannah McDonald (CMAP).

AC.15 Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests

There were no declarations of interest made.

AC.16 Minutes

RESOLVED

that the minutes of the meeting of the Audit Committee held on 25th September, 2017, be received and approved as a correct record.

AC.17 KPMG: Annual Audit Letter 2016/17

KPMG Manager, Debbie Stokes, presented the Annual Audit Letter for 2016/17. The Letter provided a summary of the key findings from the 2016/17 audit of the Council's financial statements and the Value for Money (VFM) conclusion and confirmed the issuing of an unqualified opinion and conclusion in respect of both issues.

The two key issues and recommendations, as outlined in the report, have been accepted by management and responded to without delay. Committee were asked to note that there had been a slight increase in the audit fees due to additional costs being incurred for undertaking extra work regarding the CIES restatement, data migration following the transfer of Ashfield Homes Limited and some delays with the audit process.

RESOLVED

that the Annual Audit Letter for 2016/17, as presented to the Committee by KPMG, be received and noted.

AC.18 Anti-Fraud and Corruption - Updated Policies and Procedures

The Director of Legal and Governance (and Monitoring Officer) requested Committee to consider and approve the updated anti-fraud and corruption policies and procedures and recommend them to Cabinet for approval.

Having taken over the management of the audit function following the departure of the former Deputy Chief Executive, the Director of Legal and Governance (and Monitoring Officer) requested Central Midlands Audit Partnership (CMAP) to undertake a baseline audit in relation to the function. The report was now in draft but early indications had revealed that some of the Council's anti-fraud and corruption policies were due for review and Council still needed to fully adopt the CIPFA code and its requirements.

As a result of this a full evaluation and review had been undertaken by the Director of Legal and Governance (and Monitoring Officer) to update and refresh all the relevant policies for presentation at this Committee and then to Cabinet.

The Anti-Fraud and Corruption Officer Strategy Group had also been invigorated to ensure progress was made to fully embed the key messages and requirements into the organisation, especially following the transfer of the housing function (Ashfield Homes Limited) back into the Council. The Group would also be overseeing the Fraud Risk Assessment for the Authority that was due to be carried out in the next couple of months.

The Committee briefly debated the processes for handling fraud, corruption and bribery within the Authority (should it take place) and it was requested that Members be furnished with some statistical information in relation to prosecutions carried out by the Authority and information relating to whistleblowing complaints or discovery of fraudulent activities affecting the Council.

RESOLVED that

- a) the following suite of policies and procedures be agreed and recommended to Cabinet for approval:
 - Anti-Fraud and Corruption Strategy
 - Anti-Bribery Policy
 - Anti-Money Laundering Policy Statement and Procedures
 - Fraud Response Plan
 - Prosecution Policy
 - Local Code of Corporate Governance;
- b) the proposed approach be endorsed to embed the Council's corporate approach to fraud and corruption across the organisation which will be overseen by the Committee and the Anti-Fraud and Corruption Strategy Group made up of relevant officers;
- c) the requirement to carry out an assessment of fraud risks the Council may experience be noted and the consequential Fraud Risk Register be reported to the next meeting of the Committee;

- d) the Director of Legal and Governance (and Monitoring Officer) be requested to compile a list of prosecutions carried out by the Authority, over the last twelve months and information relating to whistleblowing complaints or discovery of fraudulent activities affecting the Council for presentation to the next meeting of the Committee.

Reasons:

1. Fraud and Corruption are serious issues which can affect the services the Council provides, undermine the achievement of corporate objectives and impact upon the public's confidence in the integrity of Council Officers and Elected Members. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organisation.
2. The Council is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities.
3. The suite of policies recommended to Committee set out the Council's proposed approach in relation to fraud and how the Council goes about preventing, detecting and enforcing identified fraudulent activity.
4. The periodic review of policies and procedures ensures the Council's approach is up to date and accords with current thinking and best practice.

(During consideration of this item, Councillor Helen-Ann Smith entered the room at 6.47 p.m. as substitute for Councillor Robert-Sears Piccavey.)

AC.19 Audit Progress Report

Mandy Marples, CMAP's Audit Manager, presented the report and summarised the audit progress from 1st September, 2017 until 31st October, 2017 with 2 assignments having reached their conclusion during this period. Since publication of the report, a further report had been finalised and 2 more reports had been issued in draft.

In relation to the 2 finalised assignments, Main Accounting Systems 2016/17 and xPress Security Assessment, all the recommendations had been accepted by management and were being addressed without delay.

Committee were asked to note that a change had been made to the Internal Audit Plan with the agreement of the Director of Legal and Governance (and Monitoring Officer) to address emerging risks identified by management. Therefore additional resources were to be provided to investigate a whistleblowing allegation with the time assigned to the Homelessness audit being utilised for this purpose. As a result of the change, the Homelessness audit had been withdrawn from the 2017/18 Internal Audit Plan.

CMAP's Audit Performance graph, as outlined in the report, had indicated that they were on target for achieving completion of the 2017/18 Audit Plan in the allotted time frame. In relation to recommendation tracking, Committee were advised of the following:-

Business Continuity and Emergency Planning

Delays had been experienced due to an officer leaving but progress was now getting back on track;

Safeguarding

There had been a delay in officer training but this had now been rectified.

New Cross Initiative

Risk alleviated and review completed.

RESOLVED

that audit assignment progress as at 31st October, 2017, as presented to Committee, be received and noted.

Reason:

To ensure Members are kept fully informed of progress against the agreed Audit Plan.

The meeting closed at 6.57 pm

Chairman.