

**Audit Committee – Meeting held on Thursday, 10th November, 2011.**

**Present:-** Mr Kwatra (Chair), Councillors Chohan, Small and Smith

**Apologies for Absence:-** Councillor Carter

**PART 1**

**20. Training - Bribery Act 2010 - Local Government Impact**

Prior to consideration of the agenda items, training was delivered to members on the Bribery Act 2010 – Local Government Impact.

**21. Declarations of Interest**

No declarations of interest were received.

**22. Minutes of the last meeting held on 27 July 2011**

The minutes of the meeting held on 27<sup>th</sup> July 2011 were approved as a correct record.

**23. Risk Management Performance Review**

The Committee considered a report on Risk Management Performance Review. Members were informed that online training tools designed to give all staff a basic understanding of risk management, fraud and corruption were launched in September. Details of the number of staff who had completed the training were outlined and it would be ensured that all staff completed this.

The Interim Head of Central Finance detailed progress made against the key risks identified in the Council's Annual Governance Statement. Following the submission of the Strategic Risk Register to the Corporate Management Team in August 2011, each directorate of the council was required to provide quarterly updates. In response to who maintained the operational risk register, members were advised that this was held by the Insurance Risk Officer and monitored by the Fraud Manager. The Committee was informed that all departments had a risk register, which was monitored on a quarterly basis.

**Resolved** - That the Risk Management Performance Review be noted.

**24. Internal Audit Plan 2011/12 - Quarter 3**

The Committee considered the report on the Internal Audit Plan 2011/12 – Quarter 3. The Interim Head Of Internal Audit & Risk Management explained that whilst it was not certain that all audits contained within the plan would be delivered, resources were in place to deliver the whole of Q3.

**Resolved** - That the Internal Audit Plan 2011/12 Quarter 3 update be noted.

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### **25. Internal Audit Progress Report 2011/12 - Quarter 2**

Details of the Internal Audit Progress Report – Quarter 2 report were outlined. Members were informed that all Q2 work was complete. However, due to significant changes within the authority, a number of audits had been deferred. The Committee was informed that alterations to timings of assignments had affected the delivery of the internal audit plan and Performance Indicators (PI), and officers assured members that all PIs would be achieved by the deadlines quoted.

**Resolved** - That Internal Audit Progress Report 2011/12 Quarter 2 be noted.

### **26. Review of progress being made against the key risks identified in the Annual Governance Statement 2010/11**

Details regarding this item had been discussed within agenda item 3.

### **27. Half Year Anti-Fraud Report**

The Committee considered the Half Year Anti-Fraud report. The Interim Head of Central Finance explained the responsibilities and structure of the Corporate Fraud and Investigations Team and reported that the Head of Corporate Fraud, Risk and Investigations had been appointed on 10<sup>th</sup> October 2011. Members were informed that the team had seen a reduction in housing benefit referrals and an increase in the demand for financial investigations. It was highlighted that with the appointment of two Financial Investigators in 2009, there had been a focus on actively pursuing the recovery of criminal assets through fraud cases against the authority.

Potential collaboration with other local authorities was also discussed. The Chair asked if the new team was looking at procurement fraud, which was confirmed by the officer. It was reported that members of staff had already alerted the team to at least three potential cases.

**Resolved** - That the Half Year Anti-Fraud Report be noted.

### **28. Business Continuity and Disaster Recovery Plan Update Report October 2011**

The Committee considered the Business Continuity and Disaster Recovery Plan Update report. The Director of Customer and Transactional Services reminded Members that an Internal Business Continuity Plan in 2010 had identified areas for potential improvements for the authority's arrangements.

In the ensuing discussion, a member queried what action has been taken over a recent failure of an IT system. It was explained that this was a server issue, which had now been moved to a new building. The Chair asked if the plan was co-ordinated with risk registers, which was confirmed by the officer. A Member asked if suppliers were carrying out their own continuity plans. It was

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explained that due diligence was carried out when suppliers were chosen and that the creation of a Corporate Business Continuity Plan would enable the council to identify the requirements for disaster recovery and review arrangements with third parties.

In response to a question on how SBC was dealing with cyber attacks, it was reported that the council's systems were duly resilient to computer viruses.

**Resolved** - That the Business Continuity and Disaster Recovery Plan be noted.

### **29. Financial Management Standard in Schools (FMSiS) and School Financial Value Standard (SFVS)**

Members considered the report on the new Financial Value Standard in Schools. It was emphasised that the new Schools Financial Value Standard (SFVS), which would replace the Financial Management Standard in Schools (FMSiS), puts the onus on Governing bodies to be formally responsible for their school's financial management. It was noted that the standard needs to be in place by 2013 for those schools who had already achieved FMSiS. For those who had not achieved the previous standard it was required by 31st March 2012. In response to a query about which schools this applied to, it was explained that SFVS would not apply to schools that are not maintained by the authority, such as those with academy status. Concern was expressed with reference to a recent report by National Audit Office (*Oversight of financial management in local authority maintained schools* – issued October 2011) that the new Standard could lead to a reduction in oversight. Members were informed that the level of involvement from internal audit would now be agreed by the authority and this area that would be closely monitored.

A Member queried about the level of monies held in reserves in Slough schools. It was explained that the LA did not have locus over these funds and could not claw back reserves or compel a school to use them. Members also expressed concern over the level of financial ability expected of school staff taking responsibility for a large school budget. The Committee was informed that the authority offered transactional services to schools.

**Resolved** - That the report on Schools Financial Value Standard in Schools (SFVS) be noted.

### **30. Training Programme update**

Details of the training programme for the committee were outlined for consideration.

**Resolved** - That the Training Programme for 2011/12 be noted.

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### **31. Internal Audit Outsource Agreement (to include Q4 Internal Audit Plan) - Verbal update**

The Interim Head of Central Finance updated the Committee on the progress of internal audit tender. The assessment of tender prices had been completed and the tender scoring presentation would be upcoming. It was requested that an additional meeting be organised so that this presentation could be made to the Committee.

**Resolved** - That a meeting of the Committee be scheduled for late January 2012.

### **32. Audit Committee Core Work Programme 2011/2012**

The Committee considered the Core Work Programme 2011/12. A Member expressed disappointment that the Committee had not been able to comment on the Annual Governance Statement prior to it being submitted to Council. Officers explained that due to mitigating circumstances, it had not been possible for the Statement to be examined by the Committee and that the matter would be looked into. It was agreed that the additional meeting in early 2012 would include a follow up on recommendations in the Annual Governance Statement 2011/12. Members were informed that the Committee's Terms of Reference need to be reviewed and it was agreed that the matter would be scheduled for the first meeting in the next municipal year.

**Resolved** - That the Core Work Programme 2011/12 be noted.

### **33. Date of the next meeting - 5 March 2012**

The date of the next scheduled meeting was agreed to be held on 5<sup>th</sup> March, 2012. An additional meeting of the Committee would be organised for late January or early February.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.10 pm)