

AUDIT AND RESOURCES COMMITTEE

Tuesday, 8 March 2016 (6:15 pm – 8:17 pm)

PRESENT:

Councillor Holes (Chair); Councillors Atkinson, Tennent and Van Niekerk

Apologies for absence were received from Councillors Bain, Roling and Thomas

RESOLVED ITEMS (SUBJECT TO QUESTIONS ONLY)

1. PUBLIC PARTICIPATION

There was none on this occasion.

2. MINUTES

RESOLVED –

That the Minutes of the meeting held on 9 December 2015 be confirmed and signed by the Chairman as a correct record.

3. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2014-15

Kate Handy, Director, EY, the Council's external auditors, introduced Martin Young, Assistant Manager, who had taken over from Mike Bowers.

Consideration was given to the report of EY, which summarised the results of their work on the Council's 2014-15 claims and returns.

EY advised that they had checked and certified the Council's Housing Benefits claim with a total value of £31,356,110 presented for certification. They had identified a couple of low risk errors under Rent Allowances and Rent Rebates, one of which was a very common and an easy error to make. Extensive testing had been carried out in several areas and no further errors were identified. The errors were amended by the Council and had no impact on the claim.

Fees for the certification work were summarised in section 2 of the report. An additional fee of £1,437 had been agreed with the Council due to two instances of extended testing carried out during 2014-15 and the requirement for a qualification letter to be reported to the Department of Works and Pensions.

In summarising, EY clarified that the corrections would need to be processed by the Head of Revenue and Benefits through the 2015/16 claim.

The Chair thanked EY for the report.

4. INTERNAL AUDIT QUARTERLY MONITORING STATEMENT FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2015

Consideration was given to the report of the Chief Internal Auditor which outlined the audit activity for the period 1 October 2015 to 31 December 2015 that was summarised in Appendix 1 to the report.

Members were advised that recruitment was underway once again for another full time Auditor as the previous one, who had initially been seconded to the Service Redesign Team for three months, had been offered a role in another council.

Appendix 1 to the report highlighted the adverse variations between planned time and actual time in respect of Development Management, Financial Services, Contract Audit, Investigations, and Help and Advice.

Appendix 2 to the report provided details of the internal audits completed during 2015/16 to date, the level of assurance given and a summary of the number of recommendations made. This format would continue to develop over time to track the progress of the implementation of current and new audit recommendations.

Accounts Receivable, Cash and Banking, Travel Loans, Travel and Subsistence, and Electoral Registration audits had been completed, and five graded 2 recommendations currently remained outstanding. One was in respect of Accounting for Fixed Assets, three related to the Time and Attendance review and one related to the Casual and Essential Mileage Scheme.

Although processes were in place to monitor Developers' Contributions, the systems were very complex and had become clunky and outdated. The Committee was particularly concerned that Developers' Contributions were being monitored accurately and requested that Management Team look to update the IT in this regard as a matter of urgency.

RESOLVED -

- (1) That the Internal Audit Monitoring Statement for the third quarter of 2015/16 be noted;**
- (2) That the progress made on the implementation of Internal and External Audit recommendations be noted; and**
- (3) That the Committee's concern of how Developers' Contributions were monitored be followed up with Management Team as a matter of urgency.**

5. STRATEGIC INTERNAL AUDIT PLAN 2016/17 - 2018/19 AND ANNUAL INTERNAL AUDIT PLAN 2016/17

Consideration was given to the report of the Chief Financial Officer and Chief Internal Auditor presents the Strategic Internal Audit Plan for 2016/17 to 2018/19 and Annual Internal Audit Plan 2016/17. The Strategic Internal Audit Plan had been prepared on behalf of the Chief Financial Officer in recognition of her responsibilities under S.151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015, and in accordance with the Public Sector Internal Audit Standards 2013.

The Audit Universe (as detailed in Appendix 2 to the report) identified the main auditable areas within the Council. Each auditable area was risk assessed annually as part of the planning process and a risk factor was applied.

- High – audit in alternate years (biennially).
- Medium – audit on a cyclical basis every 3-4 years.
- Low – audit on a non-cyclical basis based on a continued assessment of risk.

Based on the above principles, the risk factor, consideration of current and new initiatives during the forthcoming year and liaison with key stakeholders, the Strategic Internal Audit Plan 2016/17 to 2018/19 had been prepared as detailed in Appendix 1 to the report.

Once again Members raised concerns about resources, especially with large projects taking place together and significant changes. The Chief Internal Auditor felt confident that there would be enough resources in place, once a full time Auditor had been recruited, to meet the Plan and resources could also be 'bought in' from other Councils as necessary.

RESOLVED -

- (1) That the Strategic Internal Audit Plan for the period 2016/17 to 2018/19 be approved;**
- (2) That the Annual Plan for 2016/17 contained within the Strategic Internal Audit Plan be approved;**
- (3) That minor revisions to the categories of Internal Audit opinions be noted; and**
- (4) That Members be kept informed of staffing issues in Internal Audit.**

6. UPDATE ON HOME WORKING

Consideration was given to the report of the Head of Support Services that stated that the Council was supportive of staff wishing to work at home where

this was appropriate and where it was in the best interest of the service provision. This formed part of the Council's continuing commitment to flexible working. Homeworking complemented other approaches to flexible working, including flexitime, part time, term time and 9 day fortnight arrangements which were already in place.

Managers must ensure any employee carrying out work at home using IT equipment, either a Council owned laptop or their own computer, were refreshed with an understanding of the IT Security Policy, which must be signed for and kept on the employee's personal file.

Members sought assurance that protection was in place to wipe council data from personal laptops and phones if an employee left, and that processes were also in place to stop any undue pressures on staff being contacted outside normal working hours.

RESOLVED -

That the Council's Homeworking Policy be reviewed jointly, by Digital Solutions, HR, and Health and Safety, linked to the timeline of future developments with organisational change as a result of the Service Redesign and Digital programme.

7. FLEMING PARK LEISURE CENTRE REDEVELOPMENT - UPDATE

The Corporate Director advised that a special meeting of this Committee was taking place the following week to consider the award of construction for the new Fleming Park Leisure Centre to Interserve Construction, and make any recommendations to Cabinet.

Councillor Atkinson asked that the Risk Register be made available to Members prior to the meeting.

8. STRATEGIC RISK MANAGEMENT GROUP / PROCUREMENT EXECUTIVE GROUP - UPDATES FROM COUNCILLOR REPRESENTATIVES

Strategic Risk Management Group

Councillor Van Niekerk advised that the Strategic Risk Management Group had taken place on 3 February 2016 and it was the last meeting chaired by Martin Murphy who was retiring at the end of May. Malcolm Lane, Finance Manager, was to take over the role.

The following items on the Risk Register had been discussed and scrutinised in depth: Welfare Reform; the Local Plan; Medium Term Budget Strategy; Efficiency Strategy; Property Portfolio Management; Health and Safety/Community Safety; Civil Emergency Planning; Civic Offices Site Redevelopment; Fleming Park Leisure Centre Development; and Hampshire Community Bank.

Councillor Van Niekerk had requested that an update on the Hampshire Community Bank be presented to the Audit and Resources Committee later in the year, and this was added to the Work Programme.

Cyber-attacks were also a concern regarding 'Future Eastleigh' and the Committee requested that all Members receive 'IT Awareness' training regarding rogue emails. The Chief Internal Auditor advised that she would pursue this with the IT help desk. In the interim, any suspicious emails received should be sent to the 'SPAM' inbox and the Chief Internal Auditor.

It was noted that the Events Policy had now been adopted and it was suggested that all Members and Parish and Town Councils receive a copy so they could understand how it worked.

Procurement Executive Group

Councillor Atkinson reported that the Unit Reviews had been on hold while David Taylor had been off but had now resumed with Digital Solutions and Culture. It had been a positive meeting with Digital Solutions and it had been agreed that where possible they would use available frameworks to purchase both software and hardware. On occasions, due to the fast moving nature of the market, to get the best deal it was necessary to procure items outside of the framework. This was deemed to be ok as long as Contract Standing Orders were still used.

All the required staff in Digital Solutions had already received the training, a list of Culture staff requiring the training needed to be agreed. Overall the number of staff who had received the Procurement Training was over 100.

The Chair thanked both Councillors Van Niekerk and Atkinson for their updates.

RESOLVED -

That the Events Policy be sent to all Members, and Town and Parish Councils.

9. ACTION LIST

The Committee considered the Action List, which set out the recent decisions and subsequent actions arising from the Committee. It was agreed that 'Staffing Issues' and 'PEG/SRMG' be removed from the list.

It was AGREED -

That the Action List be noted.

10. FORWARD PLAN

The Committee considered the current Forward Plan of Key Decisions.

It was AGREED -

That the current Forward Plan be noted.

11. WORK PROGRAMME

The Committee considered its current Work Programme and scheduled Digital by Design for June 2016, and logged an update on the Hampshire Community Bank for a future meeting.

It was AGREED -

That the Work Programme be noted.