

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE AUDIT COMMITTEE

HELD AT 7.00 P.M. ON MONDAY, 12 DECEMBER 2011

**ROOM M71 7TH FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor Carlo Gibbs (Chair)
Councillor Khaled Uddin Ahmed
Councillor Alibor Choudhury (Cabinet Member for Resources)
Councillor Stephanie Eaton
Councillor Denise Jones
Councillor Marc Francis

Other Councillors Present:

Nil

Officers Present:

Jill Bell – Head of Legal Services (Environment), Legal Services
Jenny Boyd – (Service Manager, Looked After Children)
Paul Dudley – (Strategic Risk Adviser)
Sally – Anne Eldridge – (Senior Audit Manager, Audit Commission)
Jon Hayes – (District Auditor, Audit Commission)
Minesh Jani – (Service Head, Risk Management)
Chris Naylor – (Corporate Director Resources)
Tony Qayum – (Corporate Fraud Manager, Internal Audit, Resources)
Steve Vinall – (Service Manager, Deloitte & Touche)
Ian Williamson – (Head of Social Care Practice, Adult Mental Health)
Alan Ingram – (Democratic Services)

1. APOLOGIES FOR ABSENCE

Apologies were submitted on behalf of Councillor David Edgar, who had attended but became unwell and had to leave before the meeting commenced.

2. DECLARATIONS OF INTEREST

No declarations of interest were made.

3. UNRESTRICTED MINUTES

The Chair referred to the document that had been circulated as the response to the Audit Commission Fraud Briefing – Protecting the Public Purse – as requested under item 4 of the minutes, and indicated that this would be considered after agenda item 4.1 – “Annual Audit Letter”.

RESOLVED

That the minutes of the meeting of the Audit Committee held on 20th September 2011 be agreed as a correct record of the meeting, subject to the amendment of the title of Mr Alan Bryce to “Head of Counter Fraud Advisory Services” and the Chair be authorised to sign them accordingly.

4. UNRESTRICTED AUDIT COMMISSION REPORTS FOR CONSIDERATION

4.1 Annual Audit Letter - 2010/11

Mr Jon Hayes, District Auditor, presented the Annual Letter from the Audit Commission, indicating that this comprised a summary of the findings from the 2010/11 audit. He added that the document set out details of current and future challenges to the Council. Due to enquiries received from the public, the Council would need to keep an overview regarding the publication of East End Life, in the light of the new Code of Practice on Publicity. Mr Hayes also commented on the continuing process of externalisation of the Audit Commission and indicated that more details as to its future operation would be available next March. The conclusion of the Audit Letter was that the Council had taken a positive and constructive approach to the 2010/11 audit.

Following consideration by the Committee, Members raised questions relating to the matter of slippage in meeting the Whole of Government Accounts target date and the delivery of the IT systems upgrade. Officers responded accordingly.

RESOLVED

That the report be noted.

4.1a Response to the Audit Commission Fraud Briefing – Protecting the Public Purse

At the request of the Chair, Mr Tony Qayum, Corporate Fraud Manager, introduced a supplementary report setting out a formal response to the recommendations of the Audit Commission on the matter of tackling fraud and, where appropriate, action points where improvements were considered appropriate.

Mr Qayum pointed out that 64 housing units had been recovered following investigation into sublet properties and it was planned to review Social care Personal Budgets to ensure risks of abuse were minimised.

In response to questions from Members, Officers indicated that recruitment procedures made provision for verification of claimed qualifications and references, however more detailed investigations were under consideration; 15 low level cases of procurement fraud had been identified but overall the Council compared very well with other Boroughs and there would be a report on best practices to a future meeting; despite successful prosecutions on Blue Badge misuse, it was considered that preventative work and support to the community was useful – a report would be submitted to the next meeting giving further details.

RESOLVED

That the report be noted.

5. UNRESTRICTED TOWER HAMLETS REPORTS FOR CONSIDERATION

5.1 Quarterly Internal Audit Assurance Report

At the request of the Chair, Mr Minesh Jani, Head of Risk Management and Audit, introduced the report summarising the work of Internal Audit for the period September to November 2011. In presenting the report, he added that a systems audit of the Mental Health Out of Hours Service (9 p.m. to 5 a.m.) had revealed that improvements were required to monitor performance and link the Team to the Corporate Plan.

Mr Ian Williamson, Head of Social Care Practice, Adult Mental Health, indicated that procedures were now in place and, following a review of the service, he was confident that required duties would be met. In response to questions from Members, he stated that:

- The audit had been requested by Helen Taylor, former Head of Service.
- Duplication of staffing arrangements was being addressed and efficiency measures were in train.
- The Adult Mental Health service had been running for four years after separating from the Children's service and the initial remit had been for cost effectiveness through merging of posts. There had been a steep learning curve for staff over the first two years but no complaints had been made against the service and staff had won awards for their performance.

Mr Jani then addressed Limited Assurance findings of service reviews, as contained in the report.

He described the process for management of payments made under S.17 of the Children's Act 1989 and referred to findings made following the review of the relevant service.

Ms Jenny Boyd, Service Manager, Looked After Children, stated that some of the recommendations made had already been accepted. She explained some of the previous arrangements for issue of payments had resulted in overspend of some £110,000 but other procedures were now in place that improved monitoring and control of expenditure. This also meant that basic accommodation was provided as required for families. She responded to further queries from Members on the use of appropriate agencies and comparison with similar services in other Boroughs.

Mr Jani commented on a further such review regarding the administrative and financial service of Stebon Primary School, where there had been key issues around governance and the Governing Body. The Headteacher's reply had confirmed all recommendations had been adopted and a further audit would be undertaken in February 2012.

RESOLVED

That the report and assurance opinion assigned to the systems reviewed be noted.

5.2 Revised Internal Audit Plan for 2011/12

Mr Minesh Jani, Head of Risk Management and Audit, introduced the report providing an update of audit activity planned for the current financial year and reflecting changes to the original internal audit plan as a result of changing priorities of the authority and resources available.

He then responded to questions from Members relating to review of staff hospitality and gifts; use of agency staff and consultants; the contract arrangements for the Mela; sales of Council assets.

Mr Jani undertook to inform Members further on proposals for vacant property disposals; criteria for lettings of community buildings; and any likely risk arising from interim appointments to top management posts.

RESOLVED

That the revised 2011/12 internal audit plan be endorsed as attached in Appendix 2 of the report.

5.3 Progress on National Fraud Initiative 2010-11 and Anti Fraud Update

Mr Tony Qayum, Corporate Fraud Manager, introduced the report giving an update of the National Fraud Initiative, together with an overview of anti fraud work undertaken during the past six months. He added that the efforts of the Audit Service had reduced the number of matches received from the Audit Commission for investigation from 15,046 to 3,130.

A Corporate Fraud Team had been created bringing together disparate functions and it was intended to develop this service to minimise risks of fraud and impropriety to ensure the Council received optimum value. It was intended to match the Team against the Audit Commission best value practices.

Officers responded to questions from Members relating to recruitment checks (as previously discussed in the meeting); and procedures for detecting/preventing RTB fraud.

Mr Minesh Jani confirmed that the Tenancy Fraud Team had won an award for "Going the Extra Mile" in their work on setting up relevant processes.

RESOLVED

That the report be noted with thanks.

5.4 Annual Governance Statement for the 2010/11 Accounts Update

The Committee considered the report of the Head of Risk Management and Audit detailing progress made in dealing with significant issues identified within the annual governance statement.

RESOLVED

That the report be noted.

5.5 Update on Risk Management

Mr Minesh Jani, Head of Risk management and Audit, presented the report and introduced Mr Paul Dudley, who had been appointed as Strategic Risk Adviser.

Following discussion, it was –

RESOLVED

That the report be noted.

5.6 Mid Year Review Report on 2011/12 Treasury Management and Investment Strategy

In considering the report, Members referred to the fact that the Treasury Management and Investment Strategy had not been formally approved at Council on 8th December 2011 due to time constraints. Mr Chris Naylor, Corporate Director, Resources, commented that as long as the Strategy could be approved before next financial year, savings would be achieved.

Mr Naylor agreed to provide Members of the Committee with a reply to a Member's query regarding the difference between the CLC original and revised estimates for 2011/12.

RESOLVED

That the report be noted.

5.7 Treasury Management Activity for Period Ending 31 October 2011

After consideration of the information on treasury management, it was –

RESOLVED

That the report be noted.

The meeting ended at 9.00 p.m.

Chair, Councillor Carlo Gibbs
Audit Committee