

## **Minutes of a meeting of the Audit Committee held on 13<sup>th</sup> March 2014 at Pippbrook, Dorking from 7.15pm to 8.17pm**

Present: Councillors Iain Murdoch (Chairman), Lynne Brooks, Mary Cooper, Clare Curran, Corinna Osborne-Patterson and David Preedy.

### **25. Minutes**

**RESOLVED:** That the minutes of the meeting held on 28<sup>th</sup> November 2013 be approved as a correct record and signed by the Chairman.

### **26. Apologies for Absence**

Apologies for absence were received from Stella Brooks.

### **27. Internal Audit Progress Report March 2014 (ToR 6,7,8)**

The Committee considered the report as set out on pages 1-10 of the previously circulated agenda.

Ms Karen Williams of Baker Tilly informed the Committee that work in relation to Housing Benefits and Council Tax Support and Revenues had been rescheduled and completed in advance of the original start date. Work by Internal Audit was currently underway in six areas.

With reference to Housing Rents and Temporary Accommodation, Members noted that the actions as detailed on page 7 of the previously circulated agenda had all been met. In relation to recommendation 3.2 Members noted that there was already a system in place which oversaw the recovery process for former tenant arrears. This was monitored by an officer, through one to ones and the appropriate Housing Management System (Atrium).

In response to a query concerning the use of bed and breakfast accommodation, the Committee noted where the Council had its own accommodation, only this would be offered. Members requested that a written policy and process to support this be put into place and agreed that the Financial Services Manager feed this comment back to the Strategic Housing Manager.

The Committee queried why the draft report on Housing Rents and Temporary Accommodation was issued in July 2013, but the Management responses were not received until December. The Financial Services Manager indicated that he would investigate this, adding that the responses to the action points detailed on pages 7-8 of the previously circulated report had been provided promptly.

**RESOLVED:** that

- (1) the progress against the 2013/14 Internal Audit Plan be noted, and
- (2) where the Council has its own temporary accommodation available, the Strategic Housing Manager be requested to ensure that an appropriate written policy be put into place to ensure that only this form of accommodation is provided.

## **28. Internal Audit Plan 2014/15 (ToR 6,7,8)**

The Committee considered the report as set out on pages 11 to 24 of the previously circulated agenda.

Ms Karen Williams of Baker Tilly highlighted the areas identified for inclusion in the Internal Audit Strategy. These included Planning and Development, Telecare Service, Car Parking, Property Maintenance and Emergency Planning. Other auditable areas considered to be emerging issues for the Council included Payment and Card Industry Compliance, Data Quality, Individual Electoral Registration and income from s106 Agreements. The Committee noted that the plan could be flexed over the forthcoming year to ensure that the needs of the organisation were met.

With reference to the audit work relating to Individual Electoral Registration the Committee noted that further discussions needed to be undertaken with Strategic Management Team in relation to the scope and timetabling of this work.

The work proposed on data quality will address the integrity and security of data used as a basis for performance measurement. In relation to the audit relating to procurement, Ms Williams explained that sometimes organisations can become slightly routine in terms of practices followed. This piece of audit work would consider best practice elsewhere and bring challenge. The Committee commended the “challenge” and felt that this more aggressive approach should be extended to other audit areas.

With reference to Emergency Planning/Civil Contingency Act Compliance, at the Committee’s request, Ms Williams agreed to add floods into the list of severe weather conditions that could lead to a disruption to Council services.

The Committee noted that the value for money review was yet to be determined. Ms Williams indicated that suggestions were welcome and the Committee suggested that unit costs perhaps could be used to identify possible areas where Mole Valley was potentially out of line

The Committee also suggested that Treasury Management be included as a potential auditable area in the 2014/15 Strategy.

**RESOLVED:** That the work plan be noted and subject to the comments of the Committee as detailed above, further discussions be undertaken with the Council’s Management Team to finalise the plan Internal Audit Strategy for the next financial year.

## **29. Annual Counter Fraud Report 2013-2014 (ToR10)**

The Committee considered the report as set out on pages 25 – 35.

During the presentation from Mr Steve Baker, the Council’s Fraud Manager, the Committee noted that the Counter Fraud team worked in partnership with Circle Housing Mole Valley, investigating allegations of tenancy fraud. This year 17 allegations of tenancy fraud had been investigated and as a direct result of these investigations 8 properties had been recovered. Although this figure was less than the national estimated percentage figures quoted by the Audit Commission, it is higher than figures identified by other Surrey authorities. It was accepted that further potential incidents of tenancy fraud could be identified by extended data matching and joint working with other housing associations in the area.

The Committee went on to note the changes and developments in counter fraud; in particular the development of a Single Fraud Investigation Services (SFIS) to investigate fraud across the benefit and tax credits system. SFIS will be introduced as a single organisation within the Department of Work and Pensions. In terms of

what this would mean for Mole Valley, the Committee noted that this would directly affect existing officers working with the Council and SFIS would not be involved with investigating tenancy or Council Tax Support Fraud. Consequently, a separate fraud investigation presence would need to be maintained within the organisation.

During the discussion of this item, the Committee observed that cross referenced data matching e.g. with the Police could help to elicit other areas of fraud. The Fraud Manager explained that joint work with the Police already took place but the introduction of SFIS would alter future ways of working, so there was an inherent risk here.

The Committee considered that the implications of SFIS for the Council's fraud service was an important issue and requested that this be brought to the attention of the Executive. It was accordingly

**RESOLVED:** That the changes and developments in counter fraud be brought to the attention of the Council's Executive and Strategic Management Team with a view to ensuring that, going forward, this function is resourced appropriately.