

# Audit Committee Minutes

Date: 17 November 2016

Time: 7.00 - 8.00 pm

**PRESENT:** Councillor M C Appleyard (in the Chair)

Councillors S Saddique, A Lee, Ms C J Oliver, G Peart, G C Hall and M Hanif

**Also present:** Sue Gill (External Auditor, Ernst & Young)

## 24 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor N Teesdale and Maria Grindley (Ernst & Young).

## 25 MINUTES

**RESOLVED:** That the minutes of the meeting held on 22 September 2016 be confirmed as a correct record and signed by the Chairman.

## 26 DECLARATIONS OF INTEREST

There were no declarations of interest.

## 27 2016/17 QUARTER 2 SERVICE PERFORMANCE REPORT

The Committee were provided with an update on a selection of the corporate performance measures for Q2 (July – September).

Information was provided on 19 Level 1 Measures identified by the Audit Committee which included base data as appropriate to put the percentage outturns in context.

Chairman thanked Officers again for the new look report style, in particular the 'snapshot' and provision of base data to helpfully put percentages and performance into context. Members were reminded that the role of Audit Committee in reviewing service performance was to flag up areas from a day-to-day management perspective that they felt needed addressing and raise these with Cabinet. A suggestion was made for Cabinet Members to attend with Officers to talk through specific service areas going forward. This was to be raised by the Chairman with the Leader.

During the discussion members made a number of points and the following questions were asked based on the quarter 2 report:

**Complaints:** Members asked for numbers of complaints by service so that they could better understand the spread.

**Invoices paid in 30 days:** The Council pay invoices within 30 days and would acknowledge this as best practice. It was requested on how this compared to supplier payments to us. If the norm was not 30 days were there any actions that could be taken to instil our best practice elsewhere?

**Processing Housing / Council Tax benefit claims:** Comparative data was requested to put our performance in context to 'nearest neighbours' and other districts in Bucks. It was acknowledged that assessment work is complex and needs to be correct (given links to wider benefit provision) and this will impact time taken on new claims. Anecdotal evidence given from use of local food bank in that half of users was stated reason as waiting for housing benefit. Members asked what arrangements / provision was in place for interim payments / support to help such individuals.

**Council Tax and NNDR collection rates:** It was noted that we have a high collection rate and that this has been sustained for many years which was a credit to the team. Information was requested to understand the following: (a) What does the 'extra' 2% (CIITax) / 1.5% (NNDR) equate to in money terms? (b) What are the key reasons that we are unable to collect 100% in both categories? (c) what is the recovery process followed? (d) what would the costs be to increase our recovery rates? i.e. to move from 98% to 98.5% (e) how do our collection rates compare to our nearest neighbours and the other districts in Bucks

**Homelessness applications:** Officers reported that Members had requested further information on this area at the last meeting however it was agreed that it would be more useful to invite the Service Manager (and Cabinet Member if approved) to talk about the scope of the work of the team and the increasing demand for the service to provide a fuller context to the measures reported.

**Minor planning applications:** Members requested a breakdown of categories of application that are classed 'minor' to understand the numbers of each. Members asked whether 'permitted development' and 'retrospective applications' was captured within this measure and the quantum / volume of these. Information was also requested about our enforcement activity and what measures we have in place to track this.

**Customer Service Centre:** Officers were thanked for the information sheet. Request made to have information about the scope / types of calls received in the last quarter to help members better understand the key areas of contact. Members also asked what scope we had to renegotiate our targets as parts of the contract i.e. improve the 70% target for calls answered in 20 seconds.

**RESOLVED:** That the 2015/16 Service Performance Q2 (July – September) be noted.

## **28 AUDIT,RISK & FRAUD MANAGER'S HALF YEARLY REPORT**

The Audit, Risk and Fraud Manager presented his progress update of the Audit, Risk and Fraud Division for the first six months of the 2016/17 financial year.

It was reported that the number of audits that had been undertaken to date was low due to a reduced audit programme and the scheduling of core financial reviews. There were seven reviews currently in progress:

- Food Safety
- Treasury Management
- Licensing (Hackney Carriages/Private Hire and Operator Licences)
- Main Accounting and Budgetary Control
- Building Control
- Tree Preservation Orders
- Waste Management Contract – Follow- up

Members noted the scheduling of the remaining programme.

The Committee were also informed that a further member of staff had been recruited to the Corporate Fraud Team which provided a complement of one FTE Corporate Investigator filled on a part time basis by two officers.

It was noted that the Department for Work and Pensions were responsible for investigating housing benefit fraud and held separate prosecuting powers to the Corporate Fraud Team. As part of its investigations the Corporate Fraud team has undertaken joint working with the Housing Team and Environmental Health team to pursue successful prosecutions.

The Corporate Fraud Team continues to review referrals from the National Fraud Initiative which is a mandatory data matching exercise between local authorities and agencies to detect fraudulent activities.

In response a query it was confirmed in the table providing the types of referrals the team had received that DPA stood for Data Protection Act , these were requests from the police under the Data Protection Act to provide information. It was noted that the acronyms would be provided in full in future reports. Also the 4 ratings used in the provision of the audit opinion would be linked more clearly to the prioritisation rating applied to the individual audit recommendations.

**RESOLVED:** That the Audit, Risk & Fraud Manager's Half-Yearly Report for the period ending 30 September 2016 be noted.

## **29 APPOINTMENT OF EXTERNAL AUDITOR**

The Audit Risk and Fraud Manager provided a report on the appointment of the Local Auditor for the Council, a copy of which is attached to the minutes as Appendix A.

Under the Local Audit and Accountability Act 2014 the Council is required to appoint a Local Auditor by 31 December 2017 with further appointments made at least once every 5 years. A separate engagement may be required for the audit of the housing benefit subsidy claim.

The Committee noted there were two options to appoint the Local Auditor, these were:

- That Council establish an auditor panel to oversee the procurement and make its recommendation to full Council. The Audit Panel would then be required to monitor the performance, independence and relationship with officers of the chosen External Auditor.
- To choose the Sector led route and appoint the Public Sector Audit Appointments (PSAA) which has been appointed on a nationwide basis and approved by the DCLG. The PSAA would appoint the local auditor on the Council's behalf and would be the least resource intensive option.

In the unlikely event of a relationship breakdown between the Council and the appointed Local Auditor it would be the responsibility of the PSAA to intervene and replace with another Auditor.

**RECOMMENDED:** That the Local Auditor for the Council be appointed by the Public Sector Audit Appointments (PSAA) Limited, which is the DCLG approved provider, be **recommended to Council**.

### **30 TREASURY MANAGEMENT MID-YEAR REPORT 2016/17**

The Financial Services Manager presented the Treasury Management mid-year report, covering the period 1 April to 30 September 2016.

Members noted the position on borrowing activity, interest rate forecast, investments, economic summary and performance against the indicators set by CIPFA.

With regards to the Bank of England base interest rate, it was noted that this had reduced from 0.5% to 0.25% and the Council had continued to face a challenging environment to earn yield on its investments.

It was reported that regarding the low interest rates the Council's strategy continued to be to utilise cash to support the major projects programme, investing in the District and generating a higher investment return. Members were concerned at the progress regarding the major projects expenditure and requested that this be considered.

Members were also informed that regarding the £0.5m invested in an escrow account in Iceland following the collapse of the Glitnir Icelandic bank that on the 1 July 2016 the Council had received funds of £500,950k.

#### **RESOLVED:**

- i) That the Head of Finance & Commercial produce an options paper outlining the potential scope of investment options through treasury management activities and by broadening the Council's activity in the property market including any specific regulatory requirements.

- ii) That the Treasury Management mid-year report for the period 1 April to 30 September 2016 be noted.

### **31 AUDIT COMMITTEE WORK PROGRAMME**

The Audit Committee work programme as appended to the agenda was reviewed by the Committee.

The Chairman suggested that training be provided during Committee meetings in association with relevant agenda items. The Chairman and officers would liaise to provide a programme of training to be received at each meeting.

The External Auditor suggested that the Certification of Grants and Claims Annual Report be circulated to the Committee for information before the next meeting.

#### **RESOLVED:**

- (i) That the forward work programme be noted and updated as above.
- (ii) That training topics be considered for future meetings.

### **32 INFORMATION SHEETS**

**RESOLVED:** That the following Information Sheets be noted

- i) 01/2016 Health & Safety – Mid-year progress report
- ii) 02/2016 Customer Services Centre Performance.

---

Chairman

#### **The following officers were in attendance at the meeting:**

Jemma Durkan	- Senior Democratic Services Officer
Nisar Visram	- Financial Services Manager
Mike Howard	- Audit, Risk and Fraud Manager
Jacqueline Ford	- Corporate Policy Team Leader