

COTSWOLD DISTRICT COUNCIL

AUDIT COMMITTEE

5TH JANUARY 2016

Present:

Councillor BS Dare - Chairman

Councillors -

T Cheung
PCB Coleman

R Theodoulou (from 10.05 a.m.)
LR Wilkins (from 10.05 a.m.)

AUD.31 SUBSTITUTION ARRANGEMENTS

No substitution arrangements had been put in place for this Meeting.

AUD.32 DECLARATIONS OF INTEREST

There were no declarations of interest.

AUD.33 MINUTES

RESOLVED that, subject to the following amendment, the Minutes of the Meeting of the Committee held on 22nd September 2015 be approved as a correct record:-

by deletion of the third paragraph in the preamble to Minute AUD.24 and its substitution by the words 'A Member commented that the Letter was a reflection of the high level of trust Members had in Officers'.

Record of Voting - for 3, against 0, abstentions 0, absent 2.

AUD.34 CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded the Committee that, with effect from the financial year 2017/18, the Council would be required to approve its Statement of Accounts by 31st July each year. In view of this, there would be a 'dry-run' in the financial year 2016/17. Audit Committee Meetings would be scheduled in both August and September 2016, with a view to one of those Meetings being cancelled, dependent on progress on completion of the Statement of Accounts.

Officers, and representatives of Grant Thornton, the Council's external auditor, responded to various questions from Members relating to the new regime.

AUD.35 PUBLIC QUESTIONS

No public questions had been received.

AUD.36 MEMBER QUESTIONS

No questions had been received from Members.

AUD.37 ANNUAL AUDIT LETTER

Ms Julie Masci, the Senior Manager at Grant Thornton, the Council's external auditor, was present for this item.

The Committee was invited to consider, and comment on, the Annual Audit Letter for the financial year 2014/15.

The Head of GO Shared Services amplified aspects of the circulated report, drawing attention to the unqualified opinions in respect of the audit of financial statements and value for money conclusion. Ms Masci reminded the Committee that the contents of the letter, which reflected the various reports which had been submitted to the Committee throughout the financial year 2014/15, would be made available on the Web Site of the Public Sector Audit Appointments Limited, and she explained that the certification of Housing Benefit grants claim was the subject of another report elsewhere on the Agenda (Minute AUD.38 below referred).

In response to various questions from Members, it was reported that the fee detailed at Appendix 'B' to the circulated report in relation to Ubico Ltd. was the full fee, which was recharged across the other partner authorities; as separate entities, the Council and Ubico Ltd. were subject to different regulations for Value Added Tax (VAT); the Council sought to recover any VAT paid to Ubico Ltd. from the Treasury; and the VAT support in respect of GO Shared Services related to advice on VAT and other taxes.

A Member referred to a recent article in the local Press relating to the work of the Committee and the financial performance of Ubico Ltd. and Officers undertook to consider if it would be appropriate to respond to the comments made.

RESOLVED that the report be noted.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.38 GRANT THORNTON - CERTIFICATION WORK FOR THE YEAR ENDING 31ST MARCH 2015

Ms Julie Masci, the Senior Manager at Grant Thornton, the Council's external auditor, and her colleague Ms Michelle Burge, were present for this item.

The Chief Finance Officer explained that the certification work carried out in respect of the Housing Benefit return for the financial year 2014/15 had been completed and the issues identified addressed. The findings had been notified to the Department for Work and Pensions, and the Council was awaiting a response therefrom as to whether or not any further work would be required. In response to various questions from Members, it was reported that approximately £20.3m had been claimed in Housing Benefit in the financial year 2014/15; the sums involved were usually small amounts ranging from underpayments of £13 to overpayments of £50; the two errors identified had resulted from an input error in one instance and problems in verifying the evidence submitted in the second instance; and that the forty cases would be re-tested in the audit for the current financial year.

A Member referred to the complexity of the Housing Benefits system which, he contended, was an important area of work for the Council. The Member contended that, although the errors represented small sums from the Council's perspective, they could have serious implications for individual claimants, and he suggested that the Council should consider the options for improving accuracy in the determination of Housing Benefit applications. Other Members pointed out that only a small sample of cases had been tested. Those Members expressed the view that, in the first instance, Officers should look at the data for previous years in order to identify trends, with any discernable increases being reported to a future Meeting of the Committee, and this view was supported by the Committee.

RESOLVED that:

(a) the certification work carried out in respect of the Housing Benefit return for the financial year 2014/15 be noted;

(b) a further report be submitted to a future Meeting of the Committee in the event that Officers identify any discernable increase in the number of under and/or overpayments being made in respect of Housing Benefit claims.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.39 GRANT THORNTON - UPDATE

Ms Julie Masci, the Senior Manager at Grant Thornton, the Council's external auditor, was present for this item.

The Committee considered a report detailing progress to date in respect of Grant Thornton's work programme and Ms Masci amplified aspects of that report relating to progress to date; the value for money conclusion; and emerging issues and developments. Ms Masci also responded to various questions from Members in relation to emerging issues and developments.

RESOLVED that the report be noted.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.40 COUNTER FRAUD AND ANTI-CORRUPTION POLICY

The Committee was invited to consider, and comment on, a revised Counter Fraud and Anti-Corruption policy for the Council. It was noted that this report was due to be considered by the Cabinet at its Meeting which was scheduled to be held on 18th February 2016, and any comments made by the Committee would be forwarded to the Cabinet for consideration at that Meeting.

It was reported that the Council had dealt with an average of sixty-five cases of Housing Benefit fraud per year in recent years and that it had a good record in respect of recovery of overpayments and successful prosecutions. It was considered that investment in new systems would enable Officers to be more proactive in identifying and addressing instances of fraud across the Council, and to instigate proceedings and bring prosecutions. It was suggested that paragraph 8.11 should be amended to include a reference to the Council's Whistle-blowing

policy, and that consideration should be given to publicising the policy in order to deter future instances of fraud.

RESOLVED that the Committee's comments be forwarded to the Cabinet for consideration.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.41 INTERNAL AUDIT MONITORING REPORT

The Committee considered a report summarising the work undertaken by Audit Cotswolds (Internal Audit).

The Audit Services and Consultancy Manager amplified aspects of the circulated report, including in relation to current progress against each of the auditable areas; the data protection and flood works audits; assurance levels offered; and an update in relation to counter fraud work.

Concern was expressed at the 'no assurance' opinion issued in respect of the flood work audit, and Officers explained that such opinion had related to a failure to tender for the works in accordance with the Council's Procurement Rules. It was noted that Officers did not have any value for money concerns and that some assurances had been issued in relation to income and delivery of flood prevention schemes within budget, and that further testing would be undertaken in March 2016. A Member referred to the practical value of 'local knowledge' and 'local reputation', particularly in relation to flood works, and suggested that consideration could be given to alternatives to the approved Procurement Rules for the delivery of such works. In response, it was reported that the Council already had robust processes in place and that remedial action in relation to the 'no assurance' opinion had already been taken.

RESOLVED that the report be noted.

Record of Voting - for 5, against 0, abstentions 0, absent 0.

AUD.42 OTHER BUSINESS

There was no other business that was urgent.

The Meeting commenced at 10.00 a.m. and closed at 11.26 a.m.

Chairman

(END)