

COTSWOLD DISTRICT COUNCIL

AUDIT COMMITTEE

14 NOVEMBER 2019

Present:

Councillors

Patrick Coleman

Chair

Roly Hughes
Nick Maunder

Richard Morgan
Ray Theodoulou

Observers: Mike Evemy, Stephen Andrews and Joe Harris

AUD.27 SUBSTITUTION ARRANGEMENTS

There were no substitute arrangements.

AUD.28 DECLARATIONS OF INTEREST

There were no declarations of interest under the Code of Conduct for Members or Section 106 of the Local Government Finance Act 1992.

There were no declarations of interest under the Code of Conduct for Officers.

AUD.29 MINUTES

RESOLVED that the Minutes of the Meeting of the Committee held on 26 September 2019 be confirmed.

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

AUD.30 CHAIR'S ANNOUNCEMENTS

The Chair announced that he would be attending a seminar run by Public Sector Audit Assurance (PSAA) regarding the audit service provided to local authorities.

AUD.31 PUBLIC QUESTIONS

No public questions had been received.

AUD.32 MEMBER QUESTIONS

No Member questions had been received.

AUD.33 MEETING TIMES

The Chair consulted with the Committee to ascertain whether the time of the meeting was convenient. Councillor Theodoulou commented that it was inconvenient for him, although morning meetings were inconvenient due to County Council meetings. The Chair deferred the discussion to later in the agenda.

AUD.34 GRANT THORNTON REPORTS

Grant Thornton introduced the reports. The Annual Audit letter summarised work carried out over the 2018/19 audit cycle, the outcome of which had all been presented to the Committee during the year. The progress report update, highlighted progress on the 2018/19 audit work programme and planning arrangements for 2019/20. Outcomes of 2019/20 audit work will be presented to future meetings of the Committee.

Questions from Members were responded to as follows:

- (i) Consultation on the Redmond report had been extended until December 2019. This report explained to taxpayers the reason for public accounts and the role of audit in Local Government. Findings from the consultation would be considered in due course and would probably not take effect until 2021.
- (ii) The section on valuation of net pension liability relation to Publica, a company which the Council controls in partnership with Cheltenham Borough Council, Forest of Dean District Council and West Oxfordshire District Council, Members discussed the governance implications relating to Council owned entities such as the South West Audit Partnership, Publica and Ubico.
- (iii) Valuation on investment properties was a snapshot of the value of buildings at the point in time when valuations take place. This valuation was carried out each financial year, other property assets being valued on a rolling programme over a five year period. The valuation gain or loss is reflected in the accounts at the end of each year. Officers explained that Carter Jonas were the Chartered Surveyors who carried out the valuations on the investment properties used in the 2018/19 accounts.
- (iv) The Value For Money Conclusion included a recommendation that Members and Officers should work together as part of the 2020/21 Budget and MTFS planning process to identify and develop further plans to resolve the funding gap. Members were advised that this recommendation had been taken into account and the papers for the 2020/21 budget and updated MTFS would be presented to Cabinet and Committees in December 2019.

RESOLVED that the Committee discuss and note the Annual Audit Letter and update report from Grant Thornton.

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

AUD.35 TREASURY MANAGEMENT MID-YEAR PERFORMANCE REPORT 2019-20

This report was presented to Committee and would be a recommendation for approval from the Audit Committee to Council in November.

Questions from Members were responded to:

- (i) Concern was expressed on the relatively low rates of return on investment. The Treasury Management Strategy for 2020/21 would be prepared over the coming weeks and concerns of Members would be taken into account as part of the Strategy for 2020/21.
- (ii) On page 15 of the report, Members discussed:
 - net lending which stated lending of £32 million;

- the Council's current investment portfolio which contained a high proportion of investment in cash deposits;
- funding of the Council's Capital Programme, and options to use internal borrowing rather than borrowing from third parties.
- Comments on some of the technical language in the report would be fed back to Arlingclose with a request that the language was made easier to understand.

Members requested that the wording of text in section 3 of the report be reviewed before presenting the report to Council.

- (iii) Pooled funds relating to tables 3 and 4 of the report were queried in relation to the difference in the value of the investments. Officers undertook to explain the differences within the report to Council.
- (iv) Members discussed the diversification of funds and Officers advised that the Council's Treasury Management Advisors (Arlingclose) recommended a balanced approach to investments.

RESOLVED that the Treasury Management mid-year performance be considered and recommended to Council for approval.

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

AUD.36 INTERNAL AUDIT PLAN PROGRESS REPORT 2019-20

Officers explained that this report was the quarterly monitoring report. A number of audits had been completed since last Committee and Executive Summaries were included in the report. With regard to the audit of Private Water Supplies, all recommendations had been actioned. The procurement audit had recently been finalised and will be reported at the next meeting. The cyber security audit is currently being considered by management and is expected to be reported to Audit Committee at the next meeting.

Questions from Members were responded to:

- (i) Officers work closely with Publica to improve performance, meetings between the Council's retained Officers and Publica Management take place regularly.
- (ii) Findings from the procurement and contract management audit were discussed. It was explained that the relationship with the companies such as Publica and Ubico is managed by Officers. A training requirement has been identified to ensure that Officers employed by Publica, Ubico and SLM are aware of the Council's procedures and follow correct procedures.
- (iii) Officers explained that Whistleblowing procedures which contractors had in place were robust.
- (iv) A report on improvements to the Section 106 and CIL processes would be presented to Overview and Scrutiny Committee in December 2019.
- (v) Officers explained that they were working with the four partner Councils on ICT security around financial systems to ensure compliance.
- (vi) The procedures for reporting on sickness and absence to Members were explained. Members were concerned that the correct level of data was being

reported to them to ascertain trends on issues such as work related stress. The Member Liaison Group would receive these details.

The Chair thanked the team for their work.

RESOLVED that the report be noted.

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

AUD.37 COUNTER FRAUD UNIT REPORT

The Counter Fraud Manager presented the report and explained that this was the second report of the year. Specifically the report confirmed that the Counter Fraud and Anti-Corruption Policy had been updated to capture new data protection legislation; reactive work continued with enforcement teams across the Council and attention was drawn to the prosecutions undertaken.

When asked for clarification, it was explained that the Counter Fraud Unit is a shared partnership and that Cotswold, Cheltenham, Forest of Dean, Tewkesbury and West Oxfordshire and each contribute to the cost of the unit equally. Stroud and Gloucester City Councils are invoiced for the work delivered appropriately.

The Counter Fraud Manager moved on to the RIPA and IPA Policies and explained that new legislation had been enacted and this created the need for revisions to the existing policy relating to surveillance and for the introduction of a new policy relating to the acquisition of communication data.

The Cabinet Member for Finance commented that the policies gave reassurance if there was a need to carry out cases of surveillance, there would be checks to understand why it was required.

The Counter Fraud Manager explained that when an officer wants to undertake surveillance there were checks and balances and a process to be strictly followed. Concern was expressed that this was 'snooping' on people. Assurance was offered and it was explained that the entire process is heavily regulated and inspection by the IPCO is carried out regularly.

RESOLVED that:

- (a) the report, work plan and any comments made, be noted;**
- (b) the Regulation of Investigatory Powers Act 2000 Surveillance and Covert Human Intelligence Source Policy and any comments made are recommended to Cabinet, to aid its deliberations and decision making;**
- (c) the Investigatory Powers Act 2016 Acquisition of Communications Data Policy and any comments made are recommended to Cabinet, to aid its deliberations and decision making.**

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

AUD.38 CORPORATE RISK REGISTER UPDATES

Councillor Joe Harris presented this report. He explained that work was being carried out on risk registers to be able to understand the risks.

Members queried the risk relating to UBICO. It was explained that UBICO's fleet was out of date and needed replacing. It was considered that there was work to be done with UBICO to ensure efficiency across the wider geographical area which

is served by them. There were risks around having electric vehicles. Officers were working with UBICO which was an ongoing process.

The Medium Term Financial Strategy would be presented to Cabinet and the Overview and Scrutiny Committee in December and a proposal for the financing of vehicles would be presented to a future committee.

RESOLVED that:

- (a) the Corporate Risk Register be noted;**
- (b) risks relating to climate change emergency be included within the Risk Register.**

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

AUD.39 WORK PLAN 2019/20

The work plan was presented to Committee.

AUD.40 OTHER BUSINESS

There was no other business that was urgent, although the times of meetings were discussed at this point in the meeting.

Councillor Every commented that it was valuable to attend the meeting and it was difficult for him to attend meetings during the working day.

Other Members commented that with a 4.00pm start time this may impinge on other meetings within the community.

It was agreed that the next meeting in January 2020 would start at 4.00 pm.

The Meeting commenced at 4.00 pm and closed at 5.35 pm.

Chair

(END)