



Minutes of a meeting held remotely of Audit Committee held on Thursday, 21 October 2021.

Councillors present:

Patrick Coleman	Nigel Robbins
Stephen Andrews	Nick Maunder
Tony Berry	Ray Theodoulou

Officers present:

Amy Bridgewater-Carnell, Senior Democratic Services Officer	Peter Barber, External Auditor, Grant Thornton
Angela Claridge, Interim Monitoring Officer	Michelle Burge, Chief Accountant - Publica
Jenny Poole, Deputy Chief Executive and Chief Finance Officer	Lucy Cater, Assistant Director – SWAP Internal Audit Services
Caleb Harris, Democratic Services Officer	Phil Martin, Group Manager Business Support – Publica
Andrew Sherbourne, Accounting Technician – Business Support Services - Publica	Tony Oladejo – ICT Audit and Compliance Manager, Business Support – Publica
Emma Cathcart, Counter Fraud Unit Manager	

Observers: Councillor Mike Evely, Deputy Leader of the Council and Cabinet Member for Finance

90 Apologies

There were apologies received from Senior Democratic Services Officer Ben Sadler and Councillor Mark Harris.

91 Substitute Members

There were no substitute Members.

92 Declarations of Interest

There were no declarations from the Members and Officers present.

93 Minutes

The Democratic Services Officer repeated apologies made to the Chair, to the Committee for the lateness of the previous minutes. It was explained to the Committee that staffing issues had caused the delay, but this would be rectified for future minutes.

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The Chair noted a mistake within the minutes which should read as 'informed' rather than 'infermed'. Democratic Services noted the correction for the minutes.

RESOLVED that the Committee approve the minutes for the meeting held on 22nd July 2021.

Voting Record: 6 for, 0 against, 0 abstention, absent 1

94 Public Questions

No public questions were submitted for this session of the Audit Committee.

95 Member Questions

Committee queried the use of pink pages in the document pack and how this was suitable for private session. The Monitoring Officer confirmed that the conditions for use of private session had been met.

After consultation with the Deputy Chief Executive, it was agreed by the Chair to move Item 9 to the last item of the meeting.

96 External Audit Contract

Chair introduced the item by outlining the current position and the current situation of limited suppliers for these services.

Deputy Chief Executive then introduced the report on the options for the procurement of external audit services with effect from the 2023/24 financial year. The Council could either opt into the arrangements through PSAA Ltd or independently procure its own external audit contract.

Deputy Chief Executive outlined to the Committee the actions to be taken if the existing arrangements were to be changed. Specifically the difficulties caused in relation to partner councils using different external auditors.

The recommendation presented to the committee to enter into arrangements with PSAA Ltd was reaffirmed as the best option for the Council.

Committee noted the change of pricing which could have an impact on the Council. The Deputy Chief Executive re-emphasised the challenge of trying to procure a new provider, and how this may not result in a more favourable contract cost being achieved.

Committee noted the satisfactory results of the current service in the previous year, and that this would be the safest option to continue with at this time.

RESOLVED that the Committee accept the recommendation as presented.

Voting Record: 6 for, 0 against, 0 abstention, 1 absent

Deputy Chief Executive introduced the report to the committee. The 2021/22 budget for treasury management income had been adjusted in line with the continuing very low interest rates for liquid cash investments. However the Deputy Chief Executive noted that by the end of the year, income was estimated to be exceeded the budget by £29,000.

Furthermore, it was also explained to the Committee that that the current pooled funds on Table 4 were achieving an average return of 3.44%. This was noted to be well in excess of the low return for the cash investments.

Committee noted that the investments had been significantly impacted by the value of Government grants received by the Council and which had been invested in short term deposits. It was noted with the Council invests all of its surplus cash regardless of the source of revenue such as money from central Government that is being held, and the income from areas like business rates and fees and charges.

Committee also noted that investment income may be higher due to the additional cash held as a result of the Government grants.

Deputy Chief Executive accepted the concerns raised by the Committee regarding the report. However, an assurance was provided to Members that this short-term holding of cash would not affect the longer term forecasts due to the exceptionally low rates of interest being earned on cash deposits.

Committee also queried the officers regarding the allocation of grant money from Central Government, as it appeared to have not been dispersed in full.

It was highlighted to the Committee that all of the grant schemes had now closed, and that all of the money had been paid out to businesses. A reconciliation process was underway and the balance of money owed between the Council and Government would be paid over by the end of the year.

Committee also noted Table 5 and the comparison between Cotswold District Council investments and those of other councils managed by Arlingclose, and how the differences between each client might have occurred.

Group Manager explained that the investment outcomes would differ due to investments being made at different times. It was also noted that investment outcomes from other councils are based on their own financial circumstances.

Committee noted the Recovery and Investment Strategy, and sought clarification as to which investments are being made to help with the Council's revenue budget funding shortfall

Deputy Chief Executive noted that, contrary to the strategy of some other councils, investments are not just solely for yield purposes such as rental income but are strategically aligned to the Council's priorities as set out in the Corporate Plan.

RESOLVED that the Committee accept the recommendation for the Council's Treasury Management performance to be sent to Council for approval.

Voting Record: 6 for, 0 against, 0 abstention, absent 1

98 Counter Fraud Unit Report

Counter Fraud Unit Manager introduced the update regarding the work completed by the Counter Fraud Unit. This included an update on the administration of Business Grants which has been a significant area of focus. The work includes pre-payment / verification work streams, fraud and error referrals and post-payment assurance activities.

Counter Fraud Unit Manager also outlined that the Council had received the National Fraud Initiative (NFI) matches relating to anomalies with business grant applications, council tax discounts/exemptions and housing waiting list applicants. The team were working through the matches and an update would be provided at the next meeting.

The team were undertaking a review of NHS Track and Trace payments made. It was further noted a correction needing to be made to Paragraph 2.3 to 86 payments rather than 109 for which an apology was given to the Committee for the mistake.

Counter Fraud Unit Manager also summarised the enforcement activity undertaken by the team.

Committee asked about Paragraph 2.4 and the issues affecting Licencing which were subject to review. The Counter Fraud Unit Manager outlined that the review ensured that the information relating to the liable party, rateable value and the amount invoiced for the License fee was correct. This ensured that the appropriate license fee was being applied and the correct individual was billed.

The Committee noted the work done on NHS Track and Trace payments in 2.3 and asked for clarity relating to the selection of cases to be examined.

In response, the Counter Fraud Unit Manager stated that 100% of claims paid up to approximately May 2021 had been reviewed but only a sample of payments made after May would be selected for spot checking due to competing resource demands on the shared service. However, further checks would be conducted if needed.

Committee sought further information on the Work Programme and the item relating to transit and cash businesses.

Counter Fraud Unit Manager explained that this work related to Serious and Organised Crime, significantly Modern Slavery. Whilst the main responsibility for this area of work lies with the Police, the work of the Council can assist in identifying and disrupting such activity. For example inspections of premises which are likely to fall within this category – car wash facilities and nail bars.

Committee noted the work in fighting crime that's had been undertaken, and wished to know the extent of cooperation with the Police and Crime Commissioner's work.

Counter Fraud Unit Manager outlined that the Counter Fraud Unit worked well operationally with Gloucestershire Constabulary in tackling these activities but improvement could be sought in more strategic areas.

The Committee commended the successful work that had been done by the Counter Fraud Unit, and reiterated a desire to ensure there was sufficient resourcing and that the Council continue to support the team

RESOLVED that the recommendation be approved and notes its appreciation for the work undertaken.

Voting Record: 6 for, 0 against, 0 abstention, absent 1

99 External Audit Update Report

External Auditor introduced the progress report on the work done against the 2021 audit

External Auditor pointed the committee towards the financial statements as the largest part of its work. The signing off target for the accounts had been set for the end of September, but this was highlighted as a challenging target

It was also noted the testing of these accounts started in July, but remote-working and the increasing demand of regulators had slowed this progress. However, it was noted that this work should be completed by the middle of November.

External Auditor expressed his thanks to the work of staff at Cotswold District Council for their cooperation with this work

Further to this, the External Auditor noted the revised Value for Money (VFM) criteria as revised by the National Audit Office for the year 2020/21.

Chair noted the work of auditors with Leader of the Council and himself and was grateful the openness of discussions that had been held

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Committee asked about the value for money element and the usefulness of the information in the public sphere

External Auditor noted the importance of its work of highlighting recommendations for action, and how this can have quite a significant impact on the Council's reputation in the public view.

Committee questioned how the responsibility of accounts works with Publica staff.

External Auditor reminded Members that whilst Publica complete the process, the overall responsibility for service delivery, including VFM, rests with the Cabinet and appointed officers.

RESOLVED that the Committee had noted the Grant Thornton Audit Progress and Sector Update report as presented.

100 Aged Debtor Analysis

Chief Accountant introduced the report as requested from the Audit Committee meeting on 22 July 2021. The report included detail of the level of debt over the last 5 years.

Chief Accountant noted an increase of debt outstanding over 30 days had taken place during the Covid-19 pandemic due to disruptions caused to businesses.

Chief Accountant further noted the reduction of debt to £863,000 recently through the increase of debt repayment plans, especially in the commercial sector for invoice debtors.

Committee noted in Paragraph 2.3 the highest level of debt of over £1 million on 31st March 2019, with a sharp reduction on 31st March 2020, and sought an explanation for the improvement.

Chief Accountant noted the high position likely being a small number of larger debtors rather than a general trend overall.

Committee asked about the policy regarding debt write-off.

Officers confirmed write-offs over £5,000 were required to be approved by Cabinet and confirmed this was the policy within the Council's Constitution. However, it was highlighted that write-offs would only be done after all avenues for collection had been exhausted

Following direction from the Chair, the Monitoring Officer suggested circulating the debt write off policy with the minutes, by email or in the next report to the Committee. This was agreed with the Chief Accountant.

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Resolved that the Committee thank the officers for the report, and ask for further information as soon as practicable in regard to the points raised in the discussion including the debt write-off policy.

Voting Record: 6 for, 0 against, 1 absent

I01 Work Plan 2021/22

Counter Fraud Manager apologised that the Use of Internet and Social Media in Investigations and Enforcement Policy report was not presented at this meeting. It was indicated this this will report will come to the November meeting. The Chair accepted this.

Committee asked about listed buildings and the resources for providing heat pumps. It was queried as to whether it might be examined by the Committee

Chair noted that this was outside of Audit remit yet the Chair of the Overview and Scrutiny Committee indicated it received reports on climate policy so it would be happy to examine this.

I02 Internal Audit Progress Report

Assistant Director (SWAP) provided a brief summary of the quarterly update report and Appendix B which provided an update on the Audit plan. It was indicated that any specific comments on certain audit report findings would need to be considered in private session.

It was further noted that the ICT reports were kept private owing to the risk of threats to the Council's ICT systems

Committee noted that some of the dates in the report had already passed, and wished to know whether some of these dates needed to be updated.

Assistant Director (SWAP) noted that some of the audits were done annually, and that the recommendations needed to be changed to reflect this.

Committee noted recommendations that had been marked as closed in Appendix D, and asked whether these would be removed.

Assistant Director (SWAP) noted that in January these would be removed when the report is received.

Committee asked about page 52, and asked about the 19/20 outstanding recommendation

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Group Manager for Business Support confirmed that the outstanding recommendation had been completed regarding access levels.

RESOLVED: The Committee considered the report at Annex A and wishes to enter into confidential session to discuss the exempt reports

Voting Record: 6 for, 0 against, 1 absent

The Meeting commenced at 4.00 pm and closed at 6.30 pm

Chair

(END)