

Audit Committee

Wednesday, 24th April, 2019
6.00 - 7.25 pm

Attendees	
Councillors:	Steve Harvey (Chair), Victoria Atherstone, Matt Babbage and Paul McCloskey (Reserve)
Also in attendance:	Barrie Morris and Sarah Didcote

Minutes

1. APOLOGIES

Apologies had been received from Councillor Willingham, Brownsteen, Oliver and Stafford. Council McCloskey was in attendance as substitute.

2. DECLARATIONS OF INTEREST

Councillor McCloskey advised that he had recently been appointed as a Non Executive Director of Publica.

3. MINUTES OF THE LAST MEETING

The minutes of the meeting on the 18th February 2019 were approved and signed as a correct record.

4. PUBLIC QUESTIONS

There were none.

5. ANNUAL GOVERNANCE STATEMENT

The director of People and Change, introduced the report, he explained that the Council had a duty to prepare an Annual Governance Statement which is to be approved as part of the Annual Statement of Accounts. He sought reassurance from the Audit Committee that they were satisfied that the AGS fairly reflected the arrangements within the Council, and that the suggested action plan would address the significant governance issues identified by the review. He highlighted that section 5 of the AGS hadn't been completed due to timings and that this would be completed following the completion of the Internal Audit Annual Plan 2018/19. He confirmed that the final AGS would come to the Audit Committee in July 2019 for approval.

The Director of People and Change offered the following responses to Members questions:

- Exit interviews for staff leaving the organisation were conducted and the information was fed back to the relevant manager.
- They were proposing to conduct a staff wellbeing survey around May time. This would be a focussed pulse survey that would get a feel for the organisation and understanding of how any areas could be improved. There was also a possible option to have a separate survey for Councillors

if there is a need and would need to take a steer from Members on this. The survey would ask questions about staff and Councillors current wellbeing and how they think the current wellbeing provisions could be improved. He advised that the survey's would be completely anonymous.

- The Council had a whistle blowing protocol in place and there were a number of people who you could flag your concerns with.
- Following a question from a Member as to whether the survey would also focus on happiness and productivity, the Director of People and Change confirmed that they had more pulse surveys planned and as part of this they would endeavour to look in to productivity.
- He confirmed that they would look to repeat the wellbeing survey in 2020 in order to identify any trends.
- He highlighted that they had also engaged with staff through the world café sessions in order to gauge feedback on areas such as the corporate plan and modernisation programme.
- He explained that CBC were looking at the possibility of purchasing risk software to help review the interpretation and risks easier and suggested that if this were to be approved it may be something that the audit committee want to look at.

One Member requested that it was highlighted within the annual governance statement that public questions could also be asked at audit committee.

The committee reiterated that governance, risk and compliance also come under the audit committees remit.

RESOLVED that the draft Annual Governance Statement be noted.

6. COUNTER FRAUD UNIT REPORT

The Counter Fraud Manager introduced the report, she advised that the purpose of the report was to give the committee an update on the counter fraud teams activities over the last 6 months.

She highlighted that in 2019/2020 the focus would be on bribery and corruption. As part of this they would be completing the Home Offices Bribery and Corruption Assessment and working closely with the procurement team to reduce corruption in public procurement. She advised that Paul Jones had been nominated as the anti- bribery champion and they would be working closely with him to cascade information to staff and look at making changes to council processes.

She gave a brief update on the work they had conducted over the last year, including:

- Conducting several anti fraud training sessions for staff;
- Working to raise the profile of the council's whistleblowing protocol;
- They had also commenced the Joint Working pilot with the Department for Work and Pensions to enable a joined-up approach to investigation and sanction of cases involving Housing Benefit and Council Tax Reduction;
- Conducted a review of the NNDR empty void premises, working in conjunction with the revenue and benefits team;

- Conducted a review of CTAX properties with a single person discount and referred cases for data matching and intelligence checks. They had, however, found no merit in expanding the test exercise to further SPD account checks.
- She highlighted that they were continuing to work with CBH and a number of referrals had been made requesting checks for homelessness, right to buy, succession or housing applications.

In response to Members questions, the Counter Fraud Manager explained that:

- They worked closely with CBH to prevent tenancy fraud and often wrote press releases in conjunction with them;
- She explained that they had found no merit in extending the data matching and intelligence checks to further SPD account checks because there was already a national fraud initiative in place. Similarly, she advised that, the data was not sufficiently detailed enough to provide conclusive indicators of fraud or irregularity and often flagged up legitimate anomalies. She explained that the national fraud initiative was pretty robust and it did not warrant the additional costs.
- They used the national fraud initiative's third party software.

RESOLVED that the committee note the report.

7. REVIEW OF DRAFT ACCOUNTING POLICIES 2018/19

The Finance Manager for Publica Group introduced the report, she explained that they had brought the draft accounting policies to the committee at this stage to allow them an early opportunity to comment. She explained that the committee would have an opportunity to review the final version as part of the approval of the overall statement of accounts in July 2019.

She highlighted that there were no material changes to the accounting policies in 2018/19. However the draft accounting policies have been updated for changes in accordance with IFRS 9 and IFRS 15.

In response to Members questions, she confirmed that:

- With regards to pensions, they looked not just at the present year but the impact of this years contributions on the pension fund as a whole. She advised that the liabilities of the pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method which assesses the future payments that will be made in relation to retirement benefits earned to date by employees. She confirmed that last year they had paid a large amount in to the scheme up front in order to reduce the pensions bill going forward.
- The IFRS are globally adopted standards and so would still be applicable should the UK leave the European Union.
- She confirmed that CBC were not a shareholder of the Cheltenham Trust, however, as they pay a management fee to them, they have oversight of their budgets. She highlighted that the Trust are a registered charity which means they can receive grant funding and have certain tax exemptions..

RESOLVED that the draft accounting policies be noted.

8. AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Engagement Lead for Grant Thornton introduced the report, he explained that the report gave the committee an update on the external auditors progress in delivering on their responsibilities. He advised that the final accounts audit was due to begin in June once the final statement of accounts had been received and the findings would be presented to the audit committee in July. In terms of the interim audit, there were no issues or deficiencies to bring to the committee's attention.

One Member highlighted that at a recent council meeting CBC had made a pledge to become carbon neutral and queried whether the external auditors should also consider the increasing environmental pressures on councils within the sector update section of the report. The Engagement lead agreed to take this point away.

RESOLVED that the Audit Progress Report and Sector Update be noted.

9. PLANNED AUDIT FEE FOR 2019/20

The Engagement Lead for Grant Thornton advised that the planned audit fee for 2019/2020 remains unchanged, he explained that the PSAA set the fee for every organisation and if this were to be varied it would firstly need to be agreed by the audit committee. He highlighted that audit fees had considerably reduced over the last 10 years, this was largely as a result of the fact that the market was now a lot more competitive and so had driven down prices. He informed the committee that if anything was requested outside of the original scope then the organisation would be charged additional fees.

In response to Members questions about the wider national conversation about splitting audit and consultancy services, the Engagement Lead explained that Grant Thornton had always held the position that audit and consultancy should be separate entities and believed this was the right direction for the market to be taking. However, this did pose potential issues with regards to skills gap and the key was ensuring organisations had the right expertise. He advised that the split was a result of a number of high profile cases whereby the amount of attention paid to the assurance side was less than that on the advisory side.

There were no resolutions arising from this report.

10. PROPOSED 2019/20 INTERNAL AUDIT PLAN AND INTERNAL AUDIT CHARTER

The Assistant Director for SWAP introduced the report, she explained that the areas they were proposing to look at for the 2019/20 financial year were outlined at Appendix 1 of the report. At Appendix 2 was the internal audit charter which set out the nature, role, responsibility, status and authority of internal auditing and outlined the scope of internal audit work.

There were no Member questions.

RESOLVED that the Internal Audit Plan 2019-20 and Internal Audit Charter 2019-20 be approved

11. INTERNAL AUDIT MONITORING REPORT

The Assistant Director of the South West Audit Partnership (SWAP) introduced the Internal Audit Monitoring Report, which was designed to give updates and assurances on the control environment and outlined progress against the 2018-19 plan.

Members expressed concerns about the planning and enforcement process and specifically the governance around planning. They acknowledged that a new head of planning had been appointed and suggested that he be given the opportunity to review the process and then request that SWAP conduct an audit should issues prevail. Other Members felt that being audited shouldn't be perceived as a negative thing and that the audit shouldn't be delayed because a new head of planning had been appointed. It was suggested that during the audit, Members of the planning be consulted on their key concerns, the Assistant Director confirmed that is something they could do.

There were no further comments or questions.

RESOLVED that the monitoring report be noted.

12. BRIEFING NOTES

RESOLVED that the Cheltenham Crematorium Project lessons learnt report be noted.

13. WORK PROGRAMME

14. ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION

15. DATE OF NEXT MEETING

24th July 2019.

Steve Harvey
Chairman