

## **Audit, Compliance and Governance Committee**

**Wednesday, 21st April, 2021**

**6.00 - 7.20 pm**

<b>Attendees</b>	
<b>Councillors:</b>	David Willingham (Vice-Chair), Matt Babbage, Jonny Brownsteen and Flo Clucas
<b>Also in attendance:</b>	Barrie Morris, Aditi Chandramouli, Paul Jones, Darren Knight, Lucy Cater and Emma Cathcart

### **Minutes**

**1. APOLOGIES**

Before the meeting started, there was one minute's silence in memory of HRH Prince Philip, Duke of Edinburgh.

Councillor Harvey, the Chair, had given his apologies. Councillor Willingham, as Vice-Chair, would chair the meeting.

Apologies also received from Councillors Oliver and Stafford.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. MINUTES OF THE LAST MEETING  
RESOLVED**

**That the minutes of the meeting held on 27 January 2021 be approved and signed as correct record.**

**4. PUBLIC AND MEMBER QUESTIONS**

There were no public and member questions.

**5. AUDIT PROGRESS REPORT AND SECTOR UPDATES**

Aditi Chandramouli of Grant Thornton presented the progress report and sector updates and drew particular attention to the following:

- Certification of claims and returns – at the meeting in January it was mentioned that certification was being completed in relation to housing benefit claims and pooling of housing capital receipts. Both of those claims have now been certified and the errors in relation to these are set out in page 6. Errors are not uncommon with housing benefits because of its nature and small errors can lead to large extrapolation.
- There are no major large areas of error which have been noted. There have been a few areas which have been closed off since the previous year so the quantum of errors is reducing.

- The interim findings set out a few areas such as walk through testing and opening balances
- Interim audit, which informs the risk assessment work, has not yet identified any weaknesses that need to be communicated to the council
- There are a few articles in the sector update which Members may find useful; the first is in relation to accounting estimates. There has been a revision to the auditing standard in relation to accounting estimates as a result of which auditors are required to do more involved work in relation to checking the robustness of, and council's processes around, estimates. As a result, Grant Thornton have been liaising with the council's finance team, who have been fully cooperative, to get more of an understanding around estimates.
- The second article in sector updates which may be of interest is around the CIPFA financial resilience index which is produced annually and uses publicly available data to provide indicators to compare local authorities - the link to the index is in the report.

The following responses were given to questions from Members:

- Although the value of amendments to the housing benefit is quite low, it is not excessive but is getting towards the high side so although they are low value it would be better if they were reduced and enhanced training may be needed to address this. If fewer errors were happening Grant Thornton would need to do less work which would reflect in the audit fee. The DWP approach is very prescriptive and although the errors may be low value, it is the impact which is the focus. The ideal is that the errors drop out completely.
- Barrie Morris of Grant Thornton took the opportunity to highlight the work of housing benefit officers in completing some of the detailed testing in the areas identified last year which needed improvement. Officers responded really positively to that and their work was to a high standard and Grant Thornton wished to pass thanks on to the housing benefit team for their support of the audit process.

## **6. EXTERNAL AUDIT PLAN**

Barrie Morris of Grant Thornton took members through the audit plan, highlighting a couple of areas of detail because the format of the audit plan is slightly different.

He also wanted to inform the Committee that Aditi Chandramouli will be leaving Grant Thornton at the end of June after being a fantastic support over many years. The process of recruiting another manager is underway.

The audit will take place during August and September with target for completion at the end of September. This has been brought forward from November and it was pointed out that the time scale presents a significant challenge as they are still completing 2019/2020 audits.

In response to a Member question Grant Thornton explained that subject to any findings from the current year audit Grant Thornton is satisfied with the progress that has been made on the recommendations from the previous year.

On behalf of the council the Vice Chair thanked Aditi on all the work she has done and wished her well in the future.

**7. INTERNAL AUDIT PLAN AND CHARTER**

Lucy Cater, SWAP, introduced the Internal Audit Plan and Charter for 2021/22 which requires audit, compliance and governance committee approval. The plan has been drafted following consultation with officers and members.

The plan lists the proposed audits that are planned but meetings will be held with Darren Knight, Executive Director and People and Change and Paul Jones, Executive Director of Finance and Assets on a quarterly basis to review the proposed audits and identify any emerging risks which may take precedence.

The Vice Chair stressed that nothing the council undertakes should be out of the scope of audit.

Upon a vote it was unanimously approved.

**RESOLVED to approve the Internal Audit Plan and Charter**

**8. INTERNAL AUDIT PROGRESS REPORT**

Lucy Cater, the Assistant Director for SWAP Internal Audit Services, presented the Internal Audit Progress Report which summarises the work which has been undertaken since the last committee meeting. Five reports have been concluded since the last meeting and all recommendations continue to be followed up.

The following responses were given to Member questions:

- Lucy Cater will update committee by email on a number of actions
- The values and number of cases of fraudulent activity in relation to business grants post payments is provided in the County Fraud Unit report, circulated with this agenda. The verification process has been robust across the counter fraud unit partnership as all good practice has been shared. Given the value of the payments and how many businesses have been supported, there is not a vast number of fraudulent claims.
- Plans are being discussed with officers about further post payment assurance work around grants which were paid between November 2020 and 31 March 2021. Work will also be done on post payment assurance on restart grants. The internal audit team and counter fraud unit are working closely on this work.
- Performance on business grants is reported on a regular basis and assurance is already in place, particularly given that businesses are known to the council as relationships have been built over a number of years. Members were reminded that the message from government is that the grants need to be paid at pace so even though all possible checks and balances are in place, it is a difficult balance.

**RESOLVED to note the report**

**9. COUNTER FRAUD UNIT REPORT AND PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY**

Emma Cathcart, Counter Fraud Unit Manager, introduced the Counter Fraud Unit report and Proceeds of Crime and Anti-Money Laundering Policy.

In respect of business grants, the figures for Cheltenham are in the report. Members were assured that the Counter Fraud Unit (CFU) is working very closely with the revenues team and in the background extensive checks are undertaken. One of the CFU investigations officers is permanently working on this across all five partner councils which provides good continuity and shared knowledge. The next big piece of assurance work is national data matching. Work on the track and trace scheme and the payments made as a result of that are also being looked at.

As well as the work which has arisen as a result of the pandemic, the team has continued planned work.

The Vice-Chair stressed the need to publicise, where possible, successful fraud cases both to inform the public of the work which takes place and to act as a deterrent.

The Proceeds of Crime and Anti-Money Laundering Policy has been reviewed and refreshed; there is more prescriptive and detailed procedural and guidance document for staff to support this.

The annual RIPA and IPA update which is information about number of applications the council has made and assures members of due diligence and assurance.

The Counter Fraud Unit Manager also reported she is finalising the internet and social media policy on how this is accessed for enforcement purposes and she will bring this to the committee in due course.

The following responses were given to Member questions:

- Although there are some anonymous referrals that come in regarding benefits generally which are dealt with appropriately, with regard to business grants etc. any anomalies are mostly picked up proactively as a result of processes in place. The relevant web pages have been updated to ensure that the public can make referrals easily and quickly.
- With regard to the Counter Fraud Unit's work with the RSPCA, this can include illegal dog breeding and there is ongoing collaboration.
- When a case goes to court, fines and costs take in to account low incomes and whether benefits are still payable. The Counter Fraud Unit producing a costs schedule so that enforcement officer, legal and Counter Fraud Unit costs are captured when making referrals to the legal team.
- Contact will be made with the Licensing Team Leader regarding test purchasing for licensing officers.
- The updated Proceeds of Crime and Anti-Money Laundering Policy reflects a change in the money laundering legislation and the value changed to 10000 euros (or equivalent).

**RESOLVED:**

- a) **To note the report and the work plan at Appendix 2**
- b) **To approve and adopt the Proceeds of Crime and Money Laundering Policy**
- c) **To authorise the Executive Director Finance and Assets (Chief Finance Officer) to approve future minor amendments to the Policy in consultation with Finance, One Legal and the Counter Fraud Unit**

**10. ANNUAL REVIEW OF CODE OF CORPORATE GOVERNANCE**

Darren Knight, Executive Director for People and Change, reported that since he arrived at Cheltenham Borough Council he has been looking at how corporate governance can continually be improved. A number of areas have been strengthened, for example with the creation of a full time Governance Manager post. He felt that it was a useful time to refresh the committee's awareness of the Code of Corporate Governance as the committee had not seen this since 2016. When the committee looks at the 2020/2021 Annual Governance Statement members can see the framework against which our performance is assessed.

In response to questions from members the Executive Director People and Change agreed to come back to the committee with suggested training outlines covering governance and risk management with recommendations on how this could be taken forward as part of member training and development.

The Executive Director of People and Change also informed Members of the approach to develop a constructive learning culture within the council, including ongoing business process reviews and through having strong customer complaints and feedback mechanisms. Internal audit is also active in making recommendations and producing action plans to support continuous improvement.

**RESOLVED:**

- 1 To approve the Local Code of Corporate Governance**
- 2 To approve that the Governance Manager reviews the Council's compliance through the Annual Governance Statement**

**11. WORK PROGRAMME**

It was requested that member training and development be incorporated in to the work plan.

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

There were no urgent decisions.

As this was the last meeting of the committee before the local elections, the Vice-Chair took the opportunity to thank Councillor Harvey, for chairing the committee over his term of office and to thank all of the Members of the committee for their contributions. He also gave thanks to the Officers and

partners who work with the committee, and in particular Democratic Services, who have worked hard to support the committee and to move the meetings online during the pandemic.

**13. DATE OF NEXT MEETING**

The next meeting is scheduled for 14 July 2021.

**Chairman**