

## Audit Committee

Wednesday, 19th September, 2018  
6.00 - 7.00 pm

Attendees	
<b>Councillors:</b>	Steve Harvey (Chair), David Willingham (Vice-Chair), Victoria Atherstone, Matt Babbage, Jonny Brownstein, Jo Stafford and Tony Oliver
<b>Also in attendance:</b>	Barrie Morris, Paul Jones, Lucy Cater and Emma Cathcart

### Minutes

**1. APOLOGIES**

There were no apologies.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. MINUTES OF THE LAST MEETING**

The minutes of the last meeting had been circulated with the agenda.

Upon a vote it was unanimously

**RESOLVED that the minutes of the meeting held on the 25 July 2018 be agreed and signed as an accurate record.**

The Chairman told the committee that he had been in discussion with the Borough Solicitor to consider changing the name of the committee to better describe its role e.g. add the terms Governance or Compliance. He also stated that he thought he should present an annual Audit committee report to full council.

**4. PUBLIC QUESTIONS**

There were no public questions.

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

Barrie Morris of Grant Thornton introduced the Audit Progress Report and Sector Update which summarised progress as at September 2018. The document outlined the 2018-19 deliverables and the associated status. Mr Morris advised that they were holding meetings with senior management to inform the risk assessment for the 2018/19 financial statements and value for money audits. He advised that there would be a particular focus on commercialisation and noted that there was a seminar on commercialisation scheduled for the 2<sup>nd</sup> October. He reported that the sector update contained a summary of the key issues and publications which may be of particular interest to Members.

Paul Jones, the Section 151 Officer, confirmed that they had provided a response to the Chartered Institute of Public Finance and Accountancy's (CIPFA) consultation on the new index which could be shared with Members if they wished.

He also reported that Gloucestershire had been selected to participate in The Ministry for Housing, Communities and Local Government (MHCLG) retention pilot, which would allow local authorities to retain 75% of business rates raised from April 2019. He advised that the 'no detriment' clause which protects councils in the 100% business retention pilot was not applicable for this scheme, however, despite this and the NHS risk they felt the scheme would be beneficial to Gloucestershire.

The committee noted the report. No decision was required.

## **6. ANNUAL AUDIT LETTER**

Barrie Morgan introduced the Annual Audit Letter 2017-18, as circulated with the agenda. The letter summarised key findings from the work that had been undertaken for the year ended 31 March 2018. He noted that there main responsibilities included advising on the Council's financial statements and assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

He noted that the quality of Audits at district authorities were higher than that of unitary authorities and despite the significant financial difficulties local authorities were facing, Cheltenham's position was fairly positive.

Following questions from Members, Mr Morris confirmed that:

- The valuation of property, plant and equipment was considered an intangible asset and not a huge area at Cheltenham, although careful consideration is given to this to ensure that the carrying value of such assets is not materially different from the current value.
- They have regard to the council's policies when considering the councils valuation of investment property and the appropriate resilience is applied.
- He advised that any recommendations relating to the year end will be picked up in the audit findings report. This was in response to concerns about the identified risk regarding the lack of formal lease between Ubico and Cheltenham Borough Council. One Member requested that any recommendations made by external audit also be added to the internal work plan to follow up.

No decision was required.

## **7. PUBLICATION LETTER**

Barrie Morris introduced the report which had been circulated with the agenda, he explained that the letter confirmed that the audit of the Council's financial statements for the year ending 31 March 2018 had been completed and the certificate issued.

There were no questions and no decision required.

## **8. INTERNAL AUDIT MONITORING REPORT**

Lucy Cater, Assistant Director of South West Audit Partnership gave a brief update to new Members on the work that she and South West Audit Partnership do. She proceeded to introduce the Internal Audit Monitoring Report which had been circulated with the agenda. The Monitoring Report, highlighted the work that had been completed by Internal Audit and provided comment and assurances on the control environment. She advised that the audit plan for 2018/19 was detailed at Appendix B of the report and any changes to the plan throughout the year would be subject to agreement with Paul Jones as the section 151 Officer. She ran through the control assurance definitions as outlined at page 4 of the report and explained that recommendations would be prioritised from 1-3, with 1 meaning the findings are fundamental to the integrity of the service's business process and require immediate attention. A summary of the Audit Assignments finalised since the last audit committee were highlighted at page 63 of the report. Also included at appendix D were the high priority recommendations from the previous year, she advised that these would be updated following every audit.

The following responses were offered to Members questions:

- SWAP had a number of ICT audits planned as they now had an in house team who dealt specifically with ICT, such audits would allow them to benchmark with other councils.
- Due to the public sector internal audit standards external audit could no longer rely on the work of internal audit. If, however, internal audit had identified limited assurance in a certain area external audit would extend their testing in this area.

Miss Cater also wished to remind Members of the audit training day taking place at the Holiday Inn, Gloucester on 25<sup>th</sup> October.

There were no further comments or questions.

## **9. COUNTER FRAUD UPDATE AND FUTURE WORK PROVISION**

Emma Cathcart, Counter Fraud Manager, introduced herself to the group and gave a brief overview of the work of Counter Fraud unit. She explained that as of November council tax support were going back to working in conjunction with the Department for Work & Pensions which they felt was a much better approach.

She proceeded to introduce the Counter Fraud Unit report, as circulated with the agenda and gave an overview of the work undertaken from the period of April 2018 to August 2018. This included:

- Research into anomalies or allegations of abuse in relation to business rates;
- A review of the NNDR empty void premises;
- A review of CTAX properties with a single person discount;
- A review of the empty residential properties not yet classified as long term;
- A review of properties listed as Holiday Lets; and
- Continued work with CBH given that they managed the housing stock on behalf of the council.

She also wished to draw Members attention to the Member Work Plan 2018/2019 included to the rear of the report, this highlighted their strategies as well as case work and sanctions.

The following responses were offered to Members questions:

- It was difficult to capture exactly what had been saved or recovered as a lot of it was down to loss avoidance. She reported that they were investing in a new case management system which would make it a lot easier to capture such statistical information.
- Under the transparency agenda they were required to inform the public that they have a counter fraud unit. This is done through staff and Members awareness sessions and a page on the internet about Counter Fraud. She advised that they also received a lot of freedom of information (FOI) requests.
- The number of cases was dependent on engagement with service heads and what their priorities were. The staff awareness sessions had also helped officers understand where counter fraud sit within the business.

Members suggested that the Counter Fraud team speak with comms to produce something that could be sent out with the council tax letter confirming what the department recovers each year from fraud. This would act as a deterrent to anyone engaging in fraudulent activity. It was also suggested that a register of the FOI requests be kept on the councils website for the public to refer to. As the queries were often repetitive this could potentially reduce the number of requests coming in and save officers time. The Section 151 officer agreed to go back to the relevant officers and find out how they were currently recorded.

There were no further comments or questions.

#### **10. WORK PROGRAMME**

Barrie Morris requested that he annual audit letter for the previous year be removed from the January agenda.

It was also requested that the Audit committee meeting on January 23<sup>rd</sup> be held at Leisure@ to allow Members an opportunity to see the works that had been completed.

Members felt that IT security was an area of concern and something which needed to be explored further.

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

#### **12. DATE OF NEXT MEETING**

23<sup>rd</sup> January 2019.

Steve Harvey

**Chairman**