

AUDIT SUB-COMMITTEE

21st March 2018

PRESENT:-

Conservative Group

Councillor Grant (Chairman) and Councillor Atkin (Vice-Chairman)

Labour Group

Councillors Dunn and Shepherd

AS/38 **APOLOGIES**

Apologies were received from Councillor MacPherson (Conservative Group)

AS/39 **MINUTES**

The Open Minutes of the Meeting held on 13th December 2017 were taken as read, approved as a true record and signed by the Chairman.

In relation to Minute No.AS/34 Councillor Dunn queried the current position in relation to the dry waste recycling contract. The Strategic Director (Corporate Resources) confirmed that the contract remained unsigned, but that it was being operated satisfactorily. Whilst not the ideal situation, the Sub-Committee was informed that in the circumstances, implied terms and conditions could be enforced and if the contractor wished to cease the contract, they would still need to invoke the break clause. It was acknowledged that this case did not represent good practice and that the process relating to contracts had been re-affirmed with the relevant staff. It was confirmed that the likely risks had been accommodated, it being deemed that greater risks could be encountered if legal action was taken to enforce the contract or its terms.

With regard to the same Minute No. the Strategic Director provided an update on the Waste Less, Save More matter, in that the Monitoring Officer was progressing investigations into the issues raised. Councillor Dunn queried the length of time this was taking and the Chairman requested that a definitive response be issued before the next meeting of the Sub-Committee.

AS/40 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/41 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/42 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED TO SUB-COMMITTEE

AS/43 **LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING**

The external auditor presented the report to the Sub-Committee.

The Strategic Director (Corporate Resources) outlined responses to the Key Questions listed in the report:-

- The Council had considered the enhanced Council Tax flexibilities during the 2018/19 budget round, but had opted to retain a sub 2% increase.
- The Council was now part of the Derbyshire-wide Business Rates Retention Pool Pilot for 2018/19 and this was being considered in the medium-term financial plan.
- The collapse of Carillion Plc had had no known effect on the Council.
- Increases in employee pay in excess of 1% had been budgeted for.
- The potential impact of Financial Instrument Standard IFRS 15 was being monitored.
- Preparations within the Council had been made in readiness for the early closure of the 2017/18 accounts.
- In relation to the General Data Protection Regulation (GDPR), preparations were on schedule to meet the new legal requirements. A report was due to be submitted to Council on the 12th April 2018.

Councillor Dunn queried whether a wages cap was still applicable and what had prompted the earlier accounts closure, both matters addressed by the Strategic Director.

RESOLVED:-

Members considered the key questions posed by the Council's External Auditors contained in their latest sector update.

AS/44 **CERTIFICATION OF CLAIMS AND RETURNS REPORT 2016/17**

The external auditor presented the report to the Sub-Committee, stating that whilst there was still a qualified response, there were more positive outcomes.

In relation to benefits processing, the Chairman commended the reducing error rate, but enquired whether there were any recurring errors. The external auditor confirmed that whilst there were, much of this was down to the complexity of the benefit system and the information provided by claimants. He also noted that due to additional training there was evidence of an improving situation and a commitment to progress.

Councillor Dunn made reference to a resident who had received a benefit overpayment letter and queried where the responsibility lay. The external auditor confirmed that the onus was on the claimant to notify the Council of any changes in their circumstances and that the claim form contained several guidance notes to this effect.

Councillor Atkin queried how errors came to light. The external auditor confirmed that this depended on the circumstances of the case, that errors could be initially identified by the DWP, HMRC, notification of new details, fraud enquiries and/or tip-off's. He added that Audit undertake prescriptive tests to check the accuracy of claims processing and to identify errors.

Councillor Shepherd queried the appointment of a separate reporting accountant from 2018/19. The external auditor confirmed that this a requirement of the Housing Benefit Assurance Process being established by the DWP relating to the certification of housing benefit subsidy claims.

RESOLVED:-

Members considered the Claims and Returns Report for 2016/17 and noted the recommendations, together with management actions as detailed in Section 5 of the Auditor's Report.

AS/45 **INTERNAL AUDIT PROGRESS REPORT**

The internal auditor presented the report to the Sub-Committee, stating that their work on reviewing the 32 recommendations identified in the whistleblowing investigation was due to commence imminently, held until officers were appointed to the vacant posts in Housing. As regards other Audits, attention was also drawn to the 17 recommendations for which the agreed implementation date had passed and the opportunity this gave for the Sub-Committee to call managers before them.

Members raised comment or queries relating to implementation delays, audit activity, fraud resources, responses to recommendations and risks.

Councillor Shepherd made reference to two items under People Management, namely version controls and information relating to allegations of harassment and bullying. With regard to the latter, some concern was expressed relating to the details provided and the Chairman asked that the matter be returned to Management for further comment.

RESOLVED:-

Members considered the report of the Audit Manager and agreed that any issues identified are referred to the Finance and Management Committee or subject to a follow-up report as appropriate.

AS/46 **AUDIT PLANNING REPORT FOR THE YEAR ENDING 31st MARCH 2018**

The external auditor presented the report to the Sub-Committee.

Councillor Dunn queried the projected drop in General Fund Reserves. The Strategic Director (Corporate Resources) explained that the decrease was due to such issues as the anticipated impact of the withdrawal of the Revenue Support Grant, continued growth in the District together with a provision for inflation which were both projected to increase costs in the medium-term..

Councillor Atkin questioned the pensions situation given that the Derbyshire Pension Fund was now part of a combined pool. The external auditor expressed a view that this development should have no impact, as the Derbyshire Pension Fund will still need to report to its members.

RESOLVED:-

Members considered the proposed Audit Plan for the year ending 31st March 2018 and approved the proposed approach to undertaking audit work for the year.

AS/47 **PROPOSED INTERNAL AUDIT PLAN 2018-19 and AUDIT CHARTER**

The internal auditor presented the report to the Sub-Committee.

Councillor Dunn raised IT related comments, querying the password requirements, capacity limits, attachments, etc, of the current iPads. The Strategic Director (Corporate Resources) assured Members that the new tablets were of a better, more comprehensive specification. Delays encountered in the procurement process were also outlined.

RESOLVED:-

1.1 Members considered the proposed Internal Audit Plan for 2018-19 and approved its implementation, subject to any changes agreed by the Committee.

1.2 Members approved the Audit Charter.

AS/48 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

MINUTES

The Exempt Minutes of the Meeting held on 13th December 2017 were received.

EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 5.30pm.

COUNCILLOR J GRANT

CHAIRMAN