

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 4 DECEMBER 2017 FROM 7.00 PM TO 8.35 PM**

**Committee Members Present**

Councillors: Anthony Pollock (Chairman), David Chopping (Vice-Chairman), Prue Bray, UllaKarin Clark, John Halsall and Barrie Patman

**Also Present**

Madeleine Shopland, Democratic and Electoral Services Specialist  
Helen Thompson, Ernst and Young  
Malcolm Haines, Ernst and Young  
Michael Bateman, Customer Relations Officer  
Janet Day, Complaints Officer  
Graham Ebers, Director Corporate Services  
Martin Jones, Financial Planning Specialist  
John Ogden, Lead Finance Specialist  
Paul Senior, Interim Director People Services  
Andrew Moulton, Assistant Director Governance

**27. APOLOGIES**

There were no apologies for absence received.

**28. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Committee held on 26 September 2017 were confirmed as a correct record and signed by the Chairman.

**29. DECLARATION OF INTEREST**

There were no declarations of interest submitted.

**30. PUBLIC QUESTION TIME**

There were no Public questions received.

**31. MEMBER QUESTION TIME**

There were no Member questions received.

**32. COMPLAINTS AND COMPLIMENTS UPDATE**

The Committee received an update on complaints and compliments.

During the discussion of this item the following points were made:

- Between April and September 2017 68 corporate and social care complaints had been received. 7 complaints had been recorded as being resolved at Early Resolution. 49 Stage 1 corporate complaints had been received, of which 2 had been escalated to Stage 2. 12 Children's Services Social Care complaints had been received, of which 3 were out of scope. In addition 10 complaints had been received via the Local Government Ombudsman or the Housing Ombudsman.
- Members were informed that there had been a slight increase in Stage 1 complaints compared with the same period the previous year; however, the volumes were not so significant to warrant concern. A reduction of those complaints escalated to Stage 2 had also been seen which was in keeping with the focus of the complaints process now being on resolution at as early a stage as possible.

- Councillor Pollock asked how many complainants were satisfied with the response that they had received. He requested that this information be provided for future updates regarding complaints and compliments.
- Councillor Bray asked which department would deal with complaints relating to Civil Parking Enforcement. The Customer Relations Officer commented that the Customer Services Advisors tried to address any issues as much as possible as the first points of contact. Complaints would then be escalated to Highways Operations. The Committee requested an update on the number of complaints regarding Civil Parking Enforcement, in 6 months' time.
- The Complaints Officer reminded Members that the Children's Services Social Care complaints process was a statutory process. In response to a Member question she indicated that there were currently 100 children who were subject to a child protection plan, approximately 80 Looked After Children and a number of children that had Child in Need Plans.
- Members considered the number of complaints received in Q1 and 2 compared with the same periods in 2015 and 2016. Councillor Clark asked why 39 Stage 1 corporate complaints had been received in 2016 in comparison to 50 in 2015 and 49 in 2017. The Customer Relations Officer agreed to analyse the data and to feed back to the Committee.
- In Q1 & Q2 details of 42 formally recorded compliments had also been received.

**RESOLVED:** That the update on complaints and compliments be noted.

### **33. UPDATE ON HRA RENT AUDIT**

The Lead Specialist Finance updated the Committee on the HRA rent audit.

During the discussion of this item the following points were made:

- In September 2017, an external report (called 'Phase 1') was completed that recommended actions to turnaround performance (called 'Phase 2 – September 2017 to December 2017' and 'Phase 3 – from January 2018') of rent collection. The recommendations had been turned into an action plan with the completion of the outstanding audit recommendations being a key part of the plan.
- It was noted that there were six outstanding recommendations from the 2015/16 Rents Audit report of which two were high risk and four were medium risk.
- Experienced external support had been brought in to help make improvements with regards to the rents area.
- From September to December 2017, the main priority would be to deal with the current rent arrears. Universal Credit Full Service rolled out on 6 December 2017 and prioritising current tenant arrears would reduce the risk of future former tenant arrears. Members asked how many would be affected by the roll out of Universal Credit. The Lead Specialist Finance commented that it was likely to be in the low hundreds. Members were reminded that private tenants as well as Council tenants could be affected by the introduction of Universal Credit. The Council wanted to provide proactive consistent support and engagement where it was required.
- The Chairman commented that it would be useful for the Committee to receive an ongoing monitoring report on the impact of Universal Credit within the Borough. He requested that a report be provided at the Committee's February meeting and that this include an update on council tax collection rates.
- It was hoped that a payment culture would be developed. Statements of account were being sent to all those with a council tenancy.

- Councillor Pollock questioned whether text message reminders could also be sent and was informed that the Council was trying to gather mobile telephone numbers and email addresses in order to digitalise contact where possible.
- Whilst there had been some issues relating to IT, improvements were being made in these areas.
- In response to a question regarding the write off of older debts the Director Corporate Services commented that the size of the debt had be balanced against the likelihood of recovery.
- The Lead Specialist Finance also updated the Committee on the outcome of the audit on debtors. Members were informed that there had been six recommendations made; two high risk and four medium risk. Progress was being made against all recommendations but the focus was primarily on the high risk recommendations. A further update would be provided at the Committee's next meeting.

**RESOLVED:** That the progress made in completing the audit recommendations be noted.

#### **34. INTERNAL AUDIT AND INVESTIGATION Q2 PROGRESS REPORT 2017/18**

The Committee considered the Internal Audit and Investigation Progress Report which detailed the work of the team from 1 April to 30 September 2017.

During the discussion of this item the following points were made:

- There were no new completed audits that had received the 3<sup>rd</sup> or 4<sup>th</sup> category of audit opinion during Quarter 2. In addition there had been no cases of Very High or High concerns being tolerated by management.
- The 2017/18 Audit and Investigations Plan which had been revised following the 21st Century Council restructure had resulted in reduced coverage of the corporate investigations area.
- Members were advised that the Investigations Team performance up to the end of September 2017 covered the recovery of 3 houses, totalling a value of £54,000 of notional savings.
- Earlier in the year the Council had received an Office of Surveillance Commissioner's inspection of the arrangements made by the Council to secure compliance with the statutory provisions which governed the use of covert surveillance. Two recommendations had been made within the report which were being actioned. The Assistant Director, Governance informed the Committee that the Regulation of Investigatory Powers Act (RIPA) policy would be presented at the Committee's February meeting.

**RESOLVED:** That the 2017/18 Internal Audit and Investigation Quarter 2 Progress Report be noted.

#### **35. GOVERNANCE ARRANGEMENTS FOR 21ST CENTURY COUNCIL PROGRAMME**

Andrew Moulton, Assistant Director, Governance informed the Committee of the outcome of the internal audit of the governance arrangements for the implementation of the 21<sup>st</sup> century Council programme.

During the discussion of this item the following points were made:

- Members noted the key governance arrangements which had been established which were:
  - Officer Programme Board which was chaired by the interim Chief Executive;
  - Member/Officer Management Group with sub groups which focused on IT and Finance;
  - Existing decision making bodies such as Executive, Personnel Board which operated in line with the Council's constitution;
  - Risk management was embedded in the programme at all levels;
- The overall audit conclusion had been that controls were Substantially Complete and Generally Effective, which was the second highest of the audit opinions.
- It was noted that the Executive received quarterly update reports.
- Councillor Bray questioned why there was not an Opposition Member on the Member/Officer Management Group. The Director Corporate Services commented that there was now one significant meeting of Councillors and Officers and that Councillor Rachelle Shepherd-DuBey was part of this group.
- The Committee requested an updated governance structure when it became available.
- In response to a Member question Helen Thompson commented that consideration would be given to looking at the governance of the 21<sup>st</sup> century Council project as part of the external audit plan. The External Audit Plan 2017-18 would be presented at the Committee's next meeting.
- Councillor Patman asked about evidence of benefits realisation following the implementation of Phase 1 of the project. The Director Corporate Services stated that £2million had been saved following Phase 1 and that reporting to the appropriate bodies was carried out. He went on to comment that a lot of work had been undertaken to ensure that the implementation of Phase 1 was a success.

**RESOLVED:** That the conclusions from the internal audit of governance arrangements for the 21<sup>st</sup> Century Council programme be noted.

### **36. EXTERNAL AUDIT PROGRESS REPORT**

The Committee was updated on the progress of the external audit.

During the discussion of this item the following points were made:

- Helen Thompson introduced Malcolm Haines to the Committee.
- It was noted that the Certification of Claims and Returns – Annual Report 2016/17 would be presented to the Committee in February.

**RESOLVED:** That the update on the progress of the external audit be noted.

### **37. 2017/18 AUDIT PLAN**

Members were updated on the production of the 2017/18 Audit Plan.

During the discussion of this item the following points were made:

- The new July deadline for submission of the accounts was a key change and would have an impact on the delivery of the External Audit Plan 2017-18.
- Helen Thompson commented that Ernst & Young had been running a series of workshops to discuss how councils and Ernst & Young could best work together to meet the deadline.

- Councillor Pollock questioned whether there was a risk that not all the required work could be completed by the earlier submission deadline. The Lead Specialist Finance commented that controls had been put in throughout the year to help mitigate the impact of the new deadline. Helen Thompson stated that Ernst & Young were looking at work they could undertake earlier in order to facilitate the process.
- Councillor Chopping commented that the local authority trading companies were reliant on receiving information from the Council in order to complete their accounts.

**RESOLVED:** That the update on the 2017/18 Audit Plan be noted.

### **38. EXTERNAL AUDIT ANNUAL AUDIT LETTER 2016/17**

The Committee considered the External Audit Annual Audit Letter 2016/17.

During the discussion of this item the following points were made:

- An unqualified opinion had been issued on the Council's Financial Statements.
- It was noted that the Audit Certificate had been issued on 27 September 2017.
- In response to a question from Councillor Pollock, Malcolm Haines explained what the Council being below the specified audit threshold of £350million meant.
- The Director Corporate Services thanked the Finance Officers for their hard work and support to enable deadlines to be met despite a range of pressures. Helen Thompson and the Committee also voiced their thanks.

**RESOLVED:** That the External Audit Annual Audit Letter 2016/17 be noted.

### **39. TREASURY MANAGEMENT MID-YEAR REPORT 2017/18**

The Committee received the Treasury Management Mid-Year Report 2017/18 which summarised the Treasury Management operations during the first six months of 2017/18. An amended covering report was circulated to Members.

During the discussion of this item the following points were made:

- With regards to capital expenditure the following was forecast; General Fund (Non-Housing Revenue Account): £94.1million and Housing Revenue Account: £5.1million.
- In the first six months external debt had not increased as the Council had taken the opportunity to use internal funds and other sources to fund the capital programme. As at 30 September 2017 external debt had been; General Fund (Non- Housing Revenue Account): £65.8million and Housing Revenue Account: £81.5million.
- At present no external borrowing was anticipated this financial year.
- Returns on investments was expected to be approximately £2.8million.
- It was noted that no prudential codes had been broken.
- In response to a Member question the Financial Planning Specialist explained the table regarding the Capital Finance requirement: General Fund.

**RESOLVED:** That

- 1) the mid-year Treasury Management report for 2017/18 be noted;
- 2) the actual 2017/18 prudential indicators within the report be noted;
- 3) the report be recommended to Council for approval.

#### **40. CORPORATE RISK REGISTER REFRESH - DECEMBER 2017**

The Committee received the Corporate Risk Register – December 2017.

During the discussion of this item the following points were made:

- Members were advised that there had been no significant changes made to the risk register since the Corporate Risk Register was presented to the Audit Committee in September 2017.
- The Director Corporate Services introduced Paul Senior, Interim Director of People Services who provided an update on children and adult services. Councillor Chopping asked whether there were any issues that the Committee should be aware of. Members were informed that there was scope for improvement with regards to the tightening of some processes. Systems and processes would be reviewed and the Committee would be updated on progress made on this, at its February meeting.

**RESOLVED:** That the risks and mitigating actions of the Council's corporate risks as detailed in the Corporate Risk Register be noted.

#### **41. FORWARD PROGRAMME 2017-18**

The Committee considered the forward programme for the remainder of the municipal year.

During the discussion of this item the following points were made:

- The following items were added to the agenda for the Committee's February meeting:
  - Update on review of People Services systems and processes.
  - Update on the impact of the roll out of Universal Credit within the Borough.
  - Update on the Council's preparedness for the change in data protection legislation.
  - RIPA policy.
  - External Audit Plan 2017-18.
- Members requested an update on the number of complaints regarding Civil Parking Enforcement, in six months' time.

**RESOLVED:** That the forward programme be noted.