

# TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,  
Gloucester Road, Tewkesbury on Wednesday, 19 July 2017  
commencing at 2:00 pm**

## **Present:**

Chair	Councillor V D Smith
Vice Chair	Councillor Mrs H C McLain

## **and Councillors:**

K J Cromwell, Mrs P A Godwin and Mrs S E Hillier-Richardson

### **AUD.3 ANNOUNCEMENTS**

- 3.1 The evacuation procedure, as noted on the Agenda, was advised to those present.
- 3.2 The Chair welcomed David Johnson, Grant Thornton's Audit Manager for Tewkesbury Borough Council, to the meeting.

### **AUD.4 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

- 4.1 Apologies for absence were received from Councillors A J Evans and B C J Hesketh. There were no substitutions for the meeting.

### **AUD.5 DECLARATIONS OF INTEREST**

- 5.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 5.2 There were no declarations made on this occasion.

### **AUD.6 MINUTES**

- 6.1 The Minutes of the meetings held on 22 March and 16 May 2017, copies of which had been circulated, were approved as correct records and signed by the Chair.

### **AUD.7 AUDIT COMMITTEE WORK PROGRAMME**

- 7.1 Attention was drawn to the Audit Committee Work Programme, circulated at Pages

No. 12-18, which Members were asked to consider.

- 7.2 The Head of Corporate Services indicated that work on the review of the Council's overall risk management arrangements would commence shortly and would include training for Members and Managers. It would ultimately lead to the development of a new Risk Management Strategy and Corporate Risk Register which would be monitored by the Audit Committee on a quarterly basis. It was not feasible to bring this to the next meeting of the Committee but it was hoped it would be ready by the end of the year and the work programme would be updated to move this item from 21 September to 13 December accordingly.
- 7.3 A Member noted that a number of items relating to the Statement of Accounts 2016/17 had been deleted from the Agenda for today's meeting. She understood that these items had originally been brought forward from September in preparation for the early closure of accounts the following year and she raised concern that this had not been achieved. The Head of Finance and Asset Management confirmed that these items had been brought forward to test preparedness for the forthcoming year. From the Council's point of view, the accounts had been closed on time at the end of May; however, the external auditors had not been able to audit the accounts in time for them to come to today's meeting. Clearly next year it would be crucial to meet the deadlines and Officers would need to work with Grant Thornton to achieve this. The Audit Manager from Grant Thornton reiterated that it had originally been agreed that the accounts would be submitted to the present meeting in order to ensure they were signed-off by 31 July, in line with the new regulations for 2017/18. Unfortunately, due to resourcing issues and people leaving the organisation, Grant Thornton had approached certain Councils to establish whether there was any flexibility to extend these deadlines. On the basis that a meeting date had already been set for the Tewkesbury Borough Council Audit Committee in September which would ensure that the national deadline for 2016/17 was still achieved, the Head of Finance and Asset Management had agreed to an extension. The early closure of the accounts was two-fold; partly to test the Council's ability to meet the new deadlines - which Tewkesbury Borough Council had achieved - and to check for any major issues. The accounts were currently in the process of being analysed and early indications were that the quality was of the same high standard as in previous years. He provided assurance that, had the statutory deadline for this year been 31 July, alternative arrangements would have been made to ensure this was attained and procedures were currently being put in place to make certain that adequate resources would be available to meet this deadline going forward.

- 7.4 It was

**RESOLVED** That the Audit Committee Work Programme be **NOTED**.

## **AUD.8 GRANT THORNTON PROGRESS REPORT**

- 8.1 Attention was drawn to Grant Thornton's progress report, circulated at Pages No. 19-32, which set out the progress that had been made in relation to the Audit Plan, together with any emerging national issues and developments that might be relevant to the Borough Council. Members were asked to consider the report.
- 8.2 Pages No. 22-23 of the report set out the work being undertaken by Grant Thornton for 2016/17. It was noted that the Audit Plan had been considered at the last Audit Committee meeting in March and the interim accounts audit had also

been completed in accordance with the planned timetable. As discussed under the previous Agenda Item, the final accounts audit would now go to the September Audit Committee meeting; it was intended to complete the work by early August, as close to the 31 July deadline as possible. Work on the value for money conclusion was still underway. The initial risk assessment had been completed in respect of the value for money conclusion and the significant risk identified in relation to Ubico contract monitoring had been reported in March. A follow-up meeting was taking place later that week to discuss the ongoing position with the management of the contract and an update would be provided at the Audit Committee meeting in September. It was noted that work on the housing benefit grant claim would be finished by the end of September at the latest.

- 8.3 A Member sought assurance that any issues identified during the work carried out by Grant Thornton would be highlighted to Members. The Audit Manager from Grant Thornton explained that it was not appropriate for such issues to be included in the progress report; any findings from the interim work would be reported in the Audit Plan. The findings tended to be finance-focused and more for attention rather than action. If issues were identified in the accounts audit or the value for money work, normal practice would be to discuss them with the Head of Finance and Asset Management or responsible officer. Any recommendations would then have a management response for presentation to the Audit Committee so Members could be assured that appropriate measures were being put in place and this should be monitored by the Committee going forward.

- 8.4 It was

**RESOLVED** That the Grant Thornton progress report be **NOTED**.

#### **AUD.9 EXTERNAL AUDITORS' FEE LETTER 2017/18**

- 9.1 Attention was drawn to Grant Thornton's fee letter, circulated at Pages No. 33-36, which set out the proposed fee for 2017/18, together with the scope and timing, for the work. Members were asked to consider the fee letter.
- 9.2 The Audit Manager from Grant Thornton explained that the scale fee for 2017/18 was £44,921 - the same as the previous year and a reduction on the 2015/16 fee. The fee covered audit of the Council's financial statements; the value for money conclusion; and work on the whole government accounts return. The timetable had changed, with reporting dates being brought forward, and this was outlined at Page No. 35. It was noted that the key members of the audit team for 2017/18 were due to stay the same at this stage. Particular attention was drawn to the fact that the housing benefit certification fee was to be confirmed pending formal notification of the Public Sector Audit Appointments (PSAA) established grant fee for 2017/18 and an update would be provided at the September Audit Committee meeting.
- 9.3 A Member raised concern that there should be some consistency in terms of the audit team and he questioned whether it was possible to ensure that at least one team member remained the same. The Audit Manager from Grant Thornton provided assurance that every effort was made to keep the same team together as this helped with continuity and, as far as he was aware, there were no plans to change the team for the forthcoming year. In response to a query as to whether there was any scope to reduce the external audit fee, the Head of Finance and Asset Management indicated that a report had previously been brought to the Committee regarding the appointment of external auditors for the forthcoming financial year. At that time, the Audit Committee had considered three broad options and had recommended to Council that it opt-in to PSAA - the Sector Led Body for the independent appointment of auditors for principal authorities in England - from 2018/19. This option had been approved by the Council in January and the tender process had now been completed with auditors appointed via lots.

Grant Thornton had won the biggest lot and had been awarded 40% of the work, followed by Ernst and Young with 30%. Tewkesbury Borough Council would find out who had been appointed as its external auditor in the autumn. It was noted that the fee would be reduced by around 18% under the new contract. A Member sought more information as to how the external auditors were appointed and the Head of Finance and Asset Management clarified that the Council could have opted to make its own appointment; however, Officers believed that the most cost effective and efficient route was to opt-in to the Sector Led Body arrangement which 97% of local authorities had done. PSAA took into account any feedback from local authorities or particular circumstances, e.g. where there were shared arrangements with other local authorities, and appointed individual audit contracts for each authority. The lots were put together by PSAA and, following the tender process, Grant Thornton had been awarded 40% of the work. A report would be brought to the Audit Committee to appoint the recommended external auditor for the current financial year (2017/18), with the change coming into effect in 2018/19.

9.4 Having considered the information provided, it was

**RESOLVED** That the Grant Thornton Fees Letter 2017/18 be **NOTED**.

#### **AUD.10 BULKY WASTE AUDIT PROGRESS REPORT**

10.1 The report of the Head of Community Services, circulated at Pages No. 37-43, provided an update in relation to the recommendations arising from the trade waste audit. Members were asked to consider the progress that had been made.

10.2 The Head of Community Services explained that, in addition to collecting furniture and bulky items from domestic properties, the bulky waste collection service also operated as a bin and caddy delivery service. The audit of the bulky waste collection service had been carried out in 2016/17 and highlighted a number of areas of improvement, the main two being in relation to the cost of the service and waiting times. A review of the charges had subsequently taken place and all standard charges had been increased from £20 to £22. Residents in receipt of housing or council tax benefit were entitled to a 50% reduction so the charge for this had increased from £10 to £11. Moving forward, the fees would be reviewed annually in accordance with the Fees and Charges Strategy approved by the Executive Committee in April 2017. In terms of service delivery and lead times for collection and delivery, Members were informed that the service had been unable to meet the level of demand in June 2016 with the average waiting time rising to 40 days. Additional collections had been provided to deal with the back log and changes had been made to the way the service operated which had reduced average bin delivery time to between one and two weeks, and bulky waste collections from seven weeks to less than four weeks; in some areas it was as little as two weeks. Importantly, service lead times was a standing item on the Agenda for the Ubico and Customer Services team meeting to ensure that they were regularly monitored and, where a trend appeared to be leading to a backlog, the team could make changes to address this. A new policy was currently being prepared with Ubico to work in advance to deliver bins when new developments came on line. The Head of Community Services acknowledged that there was still work to do but significant progress had been made since the audit.

10.3 A Member was pleased to see the reduction in waiting times, particularly as there was often a correlation between bulky waste collection and fly-tipping and he indicated that he would welcome a piece of work on the relationship between the two. The Head of Community Services confirmed that there was a known connection between bulky waste collection and fly-tipping but investigating that

further would require significant resources and he felt that it would be beneficial to wait until the changes were fully embedded whilst giving an assurance that fly-tipping would be closely monitored. The Member queried whether the Customer Services team asked people where they were storing their bulky items whilst awaiting collection as fly-tipping may be encouraged if customers left items outside their house on a public footpath. The Head of Community Services explained that it was intended people would not put the items outside until the day of collection but this was not something which could be policed; if people did flout these requirements, the items would not be outside for long provided that waiting times were kept low. A Member queried whether the Council promoted the donation of bulky waste items to charity, or for recycling, and the Head of Community Services felt this was an excellent suggestion and Customer Services could be provided with a list of charities for customers to contact. Another Member went on to question the rationale behind the decision to increase standard charges from £20 to £22. The Head of Finance and Asset Management advised that the charges had not been increased since April 2011; consideration had been given to costs and inflation over that period and a 10% cap was thought to be reasonable. It would be necessary to conduct a more thorough exercise to understand the costs of delivering the service.

10.4 A Member drew attention to Appendix A and raised concern that the implementation dates for the recommendations were mainly April 2017 but some actions were ongoing and she indicated that she would like to see more realistic deadlines. The Head of Corporate Services explained that a number of the recommendations had already been implemented. With regard to recommendation 1, he pointed out that, whilst the review of charges had been completed, the review of the whole service was yet to commence and the report had therefore been updated to show a target date of April 2018. Recommendation 2, in respect of the development of a Data Retention Policy, and Recommendation 5, regarding the amendment of the authorised signatory list, had both been implemented and Recommendation 4, in relation to terms of reference for the service, would come forward in the autumn. He accepted that a revised implementation date was needed for Recommendation 3 around the review of the customer records database.

10.5 It was

**RESOLVED** That the progress made against the recommendations arising from the bulky waste audit be **NOTED**.

## **AUD.11 INTERNAL AUDIT PLAN MONITORING REPORT**

11.1 The report of the Head of Corporate Services, circulated at Pages No. 44-65, was the final monitoring report of the financial year and detailed the findings of Internal Audit for the remaining audits within the Audit Plan 2016/17. Members were asked to consider the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.

11.2 Members were advised that full details of the work undertaken were attached at Appendix 1 to the report and a list of audits within the 2016/17 Audit Plan, and their progress to date, could be found at Appendix 2 to the report. With regard to the debtors audit, the Head of Corporate Services advised that this was a key financial system and income stream for the Council. As it was an established system there was an expectation that it would be well-managed and this had been confirmed by the audit and the 'good' level of assurance identified. In respect of the safeguarding audit, the Council had an up-to-date policy which had been approved by the Executive Committee in November 2016. The policy was available to staff and Members through the intranet; however, there were some recommendations around making sure that the information was embedded in the heart of the

organisation. In terms of awareness, whilst staff were required to undertake compulsory online training, it was suggested that it should be relevant to job role, for example, auditors may not need the same level of training as someone working in housing, and this was being considered by the management team. It was noted that the importance of safeguarding was recognised through its inclusion within the Community Portfolio and a designated safeguarding officer reported to the Lead Member on a regular basis. Further consideration needed to be given to the level of training volunteers should receive, for instance, volunteer litter pickers who were frequently out and about in the community. A decision had been taken in October 2016 to make safeguarding training mandatory for all licenced taxi drivers and some recommendations had been made around updating the website and application form to reflect this.

- 11.3 A 'limited' opinion had been given in relation to the audit on information governance as it was considered that the overarching Information Governance Policy should be supported by a number of more detailed policies and codes of practice that related to particular risk areas. At the time of the audit, 11 policies were due for review and a number required updating; this would need to be done to ensure compliance with the General Data Protection Regulations (GDPR) coming into force in May 2018 and it was noted that a dedicated officer had been appointed, and an action plan drawn up, to support that. Furthermore, recommendations had been made around the documentation and handling of Environmental Information Regulations (EIR). The Head of Corporate Services explained that there had been no corporate plan of action for the GDPR at the time the recommendations for the information governance audit had been agreed and they would need to be amended to reflect that plan. In response to a query, confirmation was provided that any audits with a limited or unsatisfactory opinion would be brought back to the Committee. A 'limited' opinion had also been issued in respect of business continuity. It was noted that five of the 15 service specific business continuity plans were yet to be fully completed or updated to the most recent template. The Corporate Business Continuity Plan was also out of date and this had been identified in the Annual Governance Statement 2016/17 which was due to be considered later on the Agenda. Good progress had been made since the audit - all services now had a plan in place and the Head of Corporate Services was currently in the process of drafting the Corporate Business Continuity Plan which would be tested through a desktop exercise and would then be brought to a future meeting of the Audit Committee.
- 11.4 In terms of the client monitoring for Tewkesbury Leisure Centre, the Internal Audit team had observed that the positive relationship between Tewkesbury Borough Council and Places for People helped considerably in resolving any issues. The Leisure Centre had only been in operation for a year so a lot of information was based on comparisons with baseline data; going forward arrangements would need to be put in place to receive surplus/deficit data on a yearly basis in order to maintain oversight of the potential additional shared surplus sums due from the end of year three of the contract. A review of the insurance arrangements in place showed that, whilst the insurance was adequate, the policy did have conditions attached in relation to fire extinguishing appliances and security and, therefore, consideration needed to be given as to how compliance could be demonstrated. The Places for People service delivery proposals within the contract provided for the implementation of a strategic partnership board and the Executive Committee had approved the establishment of this board in November 2016. Recommendations had been made to enhance the standards in respect of catering and the environment which had previously been reported on an exception basis but should be a standard item. Several days had been set aside within the Audit Plan 2017/18 for the performance team to help to set up the template. A Member felt it was important that the relationship between the Council and Places for People did not become too comfortable and that a proper monitoring and reporting

system was maintained. The Head of Finance and Asset Management provided assurance that it was a working relationship and there was sufficient challenge when there needed to be. In terms of the recommendations to enhance the reporting framework, there was already a significant amount of reporting; all recommendations had been agreed with Places for People and were included in the quarterly monitoring reports received by the Leisure Centre Strategic Partnership Board which was attended by the Lead Members for Health and Wellbeing and Finance and Asset Management. Consideration was currently being given as to which Committee would be most appropriate to receive an annual report on the contract. The Member welcomed this proposal as it was in the interest of accountability for a report to be considered in the public arena.

- 11.5 It was noted that there was a 'good' level of assurance in relation to treasury management with investments placed in accordance with the Council's Treasury Management Strategy and the investment register reconciled to the main accounting system on a monthly basis, as such, there were no recommendations arising from this audit.
- 11.6 Appendix 3 to the report set out the audit recommendations due to be followed-up and confirmation was provided that all had been done, although they were at various stages of implementation and this was reflected by their RAG (Red, Amber, Green) status. Where the recommendations had not been implemented, revised dates had been agreed. A Member noted that the revised dates had been agreed by Officers, rather than the Committee, and whilst he accepted that there may be plausible reasons for targets not being met, he felt that more effort should be made to achieve those initial deadlines. The Head of Corporate Services agreed that it was important to manage the process and indicated that he was trying to raise the profile of outstanding audit recommendations through the management team. Clearly implementation of the recommendations was dependent on workload; however, he suggested that, if the responsible officer was unable to achieve a revised implementation date agreed by officers, it might be reasonable to require them to appear before the Audit Committee. The Member expressed concern that it could be nine months before Members had the opportunity to question what was happening which was a significant slippage. The Deputy Chief Executive reiterated the importance of taking corporate ownership of audit recommendations and he felt the management team had a role to play in terms of ensuring that officers were aware of what the Committee wanted and adhered to the deadlines. If it appeared that a target would not be met, he felt a better approach might be for the Internal Audit team to put a plan together for getting the work completed, and to set a timescale for the responsible officers to appear before the Committee if the work had not been done.
- 11.7 A brief debate ensued in respect of safeguarding which had been flagged as an important issue for some time and several Members raised concern that the link to the online safeguarding training had not worked meaning many had been unable to complete it. The Head of Corporate Services provided assurance that there were recommendations around raising awareness for volunteers and Members and implementation dates had been agreed with the safeguarding officer. When the audit was reviewed, any outstanding recommendations would appear in Appendix 3 to the report. A Member went on to draw attention to the different opinions issued for the audits, and their definitions, set out at Page No. 55 of the report. He expressed the view that the Council should be working to ensure that all audit opinions were 'good' as opposed to just 'satisfactory', particularly for such important issues as safeguarding. Another Member felt that the Committee should ask for this to be made a priority because of what had happened in other public bodies across the country. The Head of Corporate Services clarified that, once the audit recommendations had been implemented, the audit opinion would be 'good' rather than 'satisfactory'. A Member asked for Officers to put a plan in place for this to be done as soon as possible and the Deputy Chief Executive undertook to

discuss with the management team what needed to be done and bring something back to the Committee to show how this would be achieved. The Head of Corporate Services pointed out that the Audit Committee Agenda for the meeting on 13 December included a report on compliance with safeguarding activities which would give Officers time to address the issues identified. He provided assurance that the audit process was constantly being reviewed and consideration was being given to introducing another level of audit opinion which would sit above 'good' e.g. 'very good'.

11.8 Having considered the information provided, it was

**RESOLVED** That the Internal Audit Plan Monitoring Report be  
**NOTED.**

## **AUD.12 INTERNAL AUDIT ANNUAL REPORT 2016/17**

12.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 66-72, which provided Members with a summary of the internal audit work undertaken in 2016/17, together with an opinion on the overall adequacy and effectiveness of the organisation's control environment. Members were asked to consider the report and the assurance that, overall, there was a satisfactory level of assurance in relation to the effectiveness of the Council's framework of governance, risk management and control.

12.2 Members were advised that the Public Sector Internal Audit Standards (PSIAS) required the Council to produce an annual internal audit opinion and report which could be used by the organisation to inform its Annual Governance Statement. Page No. 68, Paragraph 2.2 of the report, gave an overview of the audits undertaken during the year. One audit was outstanding from the 2016/17 Audit Plan in relation to an allocation of days for a further ICT audit and days had been allocated within the 2017/18 Plan to undertake that work. As well as internal work, the team had provided an internal audit service to Tewkesbury Town Council during the course of the year; however, as reported to the last meeting of the Committee, notification had been received from the Town Council of the decision to terminate the contract and, as such, there were 20 days within the Audit Plan which could now be allocated to Tewkesbury Borough Council work. Paragraph 2.3 of the report set out the corporate improvement work which had been carried out and it was noted that the team was also represented on key corporate groups such as the Corporate Governance Group and the 'Keep Safe, Stay Healthy' Group.

12.3 Members were advised that 59 audit opinions had been issued during the year, as set out at Paragraph 3.2 of the report. There were eight 'limited' or 'unsatisfactory' opinions which had been brought to the Committee during the year e.g. tree inspections, bulky waste, Ubico client monitoring. The Head of Corporate Services stressed that it was not unexpected to find areas of limited or unsatisfactory assurance given the variety and complexity of systems, procedures and services operated by the Council; the important thing was that the audit recommendations were accepted and acted upon by management.

12.4 Management of internal audit was overseen by the Head of Corporate Services and delivery of the annual Audit Plan was carried out by two full-time employees. During the course of the year, one employee was on maternity leave and this position had been covered by a secondment from another service area. The team comprised one full-time, and two part-time, employees with one taking a senior



role. As defined in the Internal Audit Charter, the team had remained organisationally dependent during the year and the Head of Corporate Services had regular briefings with the Chair and Vice-Chair of the Audit Committee which would continue going forward. A 'Meet the Internal Audit Team' session had been held for Members of the Audit Committee and a seminar had taken place prior to today's meeting on the role of the Committee.

- 12.5 It was noted that there had been no reported incidents of fraud, theft, corruption or whistleblowing during the financial year and the updated Anti-Fraud and Corruption and Whistleblowing Policies had been presented to the Audit Committee following review. The performance monitoring information for achievement against the Audit Plan was based on the number of completed audits vs. the number of planned audits and Members were advised that the outturn for the 12 month period was 93%. Based upon the work undertaken during the year, Internal Audit could provide reasonable assurance that, overall, there was a satisfactory level of control in relation to the effectiveness of the Council's governance, risk management and control environment. The team had now started work on the 2017/18 Audit Plan which had been approved by the Audit Committee in March and included key areas of work such as absence management; GDPR; Ubico client monitoring; key finance systems; vehicle contract; and project management of the public services centre refurbishment. As discussed at previous Audit Committee meetings, it was a requirement of PSIAS that the internal audit function be subject to independent assessment at least every five years. Through networking with other Councils that had been through the assessment process, a preferred assessor had been identified and approved in consultation with the Head of Finance and Asset Management and the Chair of the Audit Committee. A date for the review had not yet been confirmed but it would be in the third quarter of the financial year and the outcome would be reported back to the Audit Committee.
- 12.6 A Member noted that a 'limited' opinion had been issued in relation to the tree inspections audit during 2016/17. He indicated that, at a recent Flood Risk Management Group meeting, it had come to light that there was no programme for the inspection of ditches which were not on Council-owned land and he questioned whether this could be incorporated into the tree inspections programme. The Head of Finance and Asset Management explained that tree inspections were carried out by the Ubico grounds maintenance team and he would need to check if there was sufficient capacity to take on any additional work; if there was the capacity and will, there was no reason why the same software could not be used. The Deputy Chief Executive undertook to raise this with the Head of Community Services who was in the process of carrying out a piece of work on grounds maintenance.
- 12.7 It was
- RESOLVED** That the internal audit annual report be **NOTED**.

### **AUD.13 COUNTER FRAUD UNIT REPORT AND WORK PLAN 2017/18**

- 13.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 73-85, which provided assurance on the counter-fraud activities of the Council. Members were asked to consider the Counter Fraud Unit Work Plan 2017/18, and the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy, and put forward any comments to the Executive Committee to aid its deliberations.
- 13.2 The Chair welcomed Kate Seeley, Senior Fraud Investigator from the Counter Fraud Unit to the meeting. Members were reminded that the Council had approved the authority's participation in the establishment of a permanent Counter Fraud Unit on 24 January 2017 and, from 1 April 2017, this was a permanent support service serving Tewkesbury Borough Council and four other partner authorities within the county. The Work Plan 2017/18, attached at Appendix 1 to

the report, had been agreed by the senior management team as the key areas to focus on during the year. The work was largely proactive, with a drive and focus on gaining revenue. A lot of work was done in the revenues section e.g. council tax, business rates, but also in housing and enforcement. Reactive pieces of work were also undertaken e.g. referrals for investigation.

- 13.3 The Counter Fraud Unit had been undertaking a review of a number of policies and procedures in support of each service area to enable criminal investigations to be legally undertaken and appropriate sanctions to be applied. The Council Tax, Housing Benefit, Council Tax Support Penalty and Prosecution Policy had been drafted for use within the Revenues and Benefits team. There had been a number of service changes within housing benefit which had meant that the previous policy around the enforcement of housing benefit and council tax was no longer relevant. The proposed policy focused on council tax support, and the criminal and civil penalties which the Council could enforce, and the civil penalties available in relation to housing benefit and council tax. This did not generate a huge amount of money but it was another way the Council could enforce the regulations surrounding council tax and impose penalties for those who did not follow the rules.
- 13.4 The Head of Finance and Asset Management explained that the Work Plan 2017/18 was focused on ensuring that policies were up to date and consistent for all Counter Fraud Unit partners and raising awareness among Officers and Members. A Member raised concern that the Whistleblowing Policy was not working effectively as he understood that some Officers did not know who they should report to, or were reluctant to do so. Assurance was provided that there were a number of contacts within the policy, including the Counter Fraud Unit which was independent and not linked to management in any way.
- 13.5 A Member sought confirmation that the Counter Fraud Unit was geared up for the changes associated with Universal Credit. The representative from the Counter Fraud Unit advised that housing benefit fraud would no longer be relevant but this had not been investigated for the last two years. Local authorities would have responsibility for council tax support, and there would still be an element of investigation in relation to that, but the resources required would reduce dramatically. The Head of Revenues and Benefits confirmed that Universal Credit would 'go live' on 6 December 2017 when the Single Fraud Investigation Service would become responsible for any fraud investigation. A Member questioned whether customers were made aware of the penalties within the proposed policy and was informed that the Council was quite flexible in how it applied any penalties; if customers were upfront about their circumstances, and why there was a delay in reporting a change, then a more lenient approach might be taken whereas if it had taken a long period for the customer to come forward to advise of a significant change then the penalty might be harsher. In response to a query regarding a situation where fraudulent activity had been going on for several years, Members were advised that, when housing benefit fraud was investigated, anything over £3,000 would ultimately lead to prosecution; consideration was also given to prosecution if the customer had deliberately given false information. A Member understood that there could be a long delay before people received Universal Credit and she queried what the Council's policy would be if customers fell behind with council tax payments. The Head of Revenues and Benefits explained that council tax support was awarded by the Council and it was far quicker to make a determination and award a discount under Universal Credit. If customers were in real financial difficulty they could be given a two month period to make a payment towards their council tax.
- 13.6 A Member questioned if there was any way of knowing how successful the Counter Fraud Unit had been in terms of getting money back for the Council and who was responsible for monitoring this. The Head of Finance and Asset Management

advised that he received a monitoring report from the Counter Fraud Unit on a quarterly basis. The Counter Fraud Unit had been quite successful in investigating business rates during the previous year and he expected this to continue as it expanded into areas which had not been considered in the past; the Counter Fraud Unit was a corporate resource and was looking into various activities beyond Revenues and Benefits, such as fly-tipping, with further plans to look at the HR and Planning services.

13.7 Having considered the information provided, it was

- RESOLVED**
1. That the Counter Fraud Unit Work Programme 2017/18 be **NOTED**.
  2. That the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy be **NOTED** and the Executive Committee be advised that the Audit Committee had found it to be very clear and well set out.

#### **AUD.14 NATIONAL FRAUD INITIATIVE 2016/17**

14.1 The report of the Head of Revenues and Benefits, circulated at Pages No. 86-88, informed Members of the outcomes of the National Fraud Initiative data matching exercise. Members were asked to consider the report.

14.2 The Head of Revenues and Benefits advised that the National Fraud Initiative (NFI) matched electronic data within and between public and private sector bodies to prevent and detect fraud. The NFI had helped to trace almost £198M in fraud, error and overpayment in England during the period 1 April 2014 to 31 March 2016. The 2016/17 data matching exercise showed a considerable fall in the number of data matches compared to the 2014/15 review – in 2014/15 there had been 531 data matches, 17 incidents of fraud and 44 errors whereas in 2016/17 there had been 321 data matches, one incident of fraud and 69 errors. The level of overpayments had dropped dramatically from £59,878.67 to £8,835.28. This was good news for customers as there were fewer errors and less need for enforcement. The single case of fraud detected had been forwarded to the Single Fraud Investigation Service to consider further action. Overall, the Council had paid over £19M in housing benefit to 3,970 housing benefit recipients. It was to be borne in mind that, in terms of the numbers and values of overpayments, the impact was very small. The benefits staff were doing more preventative work with customers to encourage them to report any changes and systems were being automated so that claims were updated with benefit changes which had reduced delays.

14.3 The Chair congratulated the Revenues and Benefits team on the savings on behalf of the Committee and it was

- RESOLVED** That the outcomes of the data matching exercise be **NOTED**.

#### **AUD.15 ANNUAL GOVERNANCE STATEMENT 2016/17**

15.1 The report of the Corporate Governance Group, circulated at Pages No. 89-101, set out the Council's Annual Governance Statement 2016/17 which Members were asked to approve.

15.2 The Head of Corporate Services explained that the Annual Governance Statement

provided assurance that the Council was following the code of corporate governance that it had approved and adopted, which was consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. The Annual Governance Statement for 2015/16 was attached at Appendix 1 to the report and included eight areas of governance that required improvement. These significant governance issues would be monitored throughout the year and the progress would be reported to the Audit Committee. The significant governance issues identified were: review and update of the Constitution; risk management; business continuity; Audit Committee effectiveness; development and approval of a Workforce Development Strategy; Ubico client monitoring; compliance with the General Data Protection Regulations; and the review and update of the local Code of Corporate Governance.

15.3

It was

**RESOLVED** That the Annual Governance Statement 2016/17 be  
**APPROVED.**

The meeting closed at 3:50 pm