

# TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,  
Gloucester Road, Tewkesbury on Wednesday, 23 March 2016 commencing at  
2:00 pm**

**Present:**

Chair

Councillor R Furolo

**and Councillors:**

K J Cromwell, Mrs R M Hatton (Substitute for A J Evans)  
and H A E Turbyfield (Substitute for Mrs P A Godwin)

**AUD.37 ANNOUNCEMENTS**

- 37.1 The evacuation procedure, as noted on the Agenda, was taken as read.
- 37.2 The Chair welcomed David Johnson, Grant Thornton's Audit Manager for Tewkesbury Borough Council, and Julie Masci, the Engagement Lead from Grant Thornton, to the meeting.

**AUD.38 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

- 38.1 Apologies for absence were received from Councillors A J Evans, Mrs P A Godwin, Mrs S E Hillier-Richardson and Mrs H C McLain (Vice-Chair). Councillors Mrs R M Hatton and H A E Turbyfield would be acting as substitutes for the meeting.

**AUD.39 DECLARATIONS OF INTEREST**

- 39.1 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.
- 39.2 There were no declarations made on this occasion.

**AUD.40 MINUTES**

- 40.1 The Minutes of the meeting held on 16 December 2015, copies of which had been circulated, were approved as a correct record and signed by the Chair.

**AUD.41 GRANT THORNTON CERTIFICATION LETTER 2014/15**

- 41.1 Attention was drawn to Grant Thornton's Certification Letter 2014/15, circulated at

Pages No. 9-11, which set out the findings of the claim which had been certified during the year. Members were asked to consider the information provided.

- 41.2 The Audit Manager from Grant Thornton reminded Members that it had been intended to bring this letter to the last meeting of the Audit Committee but timing issues with the previous Engagement Lead had meant that this had not been possible. Page No. 10 of the report set out details of the claims and returns certified for 2014/15 and confirmed that the housing benefits subsidy claim had been certified. He indicated that the Minutes of the previous meeting had stated that an amendment of £50,000 had been made and he clarified that this was the subsidy amount whereas £47,221, as stated in Appendix A to the report, was the actual figure in that particular cell. The fee for the 2014/15 certification work was outlined at Page No. 11, Appendix B to the report, and was the same as had been outlined in previous plans.
- 41.3 A Member noted that this was the second year in succession that a claim had been certified and he questioned whether it was the same claim. Clarification was provided that both certification claims related to the housing benefit subsidy but were for different years; 2013/14 and 2014/15 respectively. A Member felt that this amendment was very minor considering that the total value of the claim was £18.9M and the Engagement Lead advised that it was not uncommon to have qualifications within housing benefit claims.
- 41.4 It was  
**RESOLVED** That the Grant Thornton Certification Report 2014/15 be **NOTED**.

#### **AUD.42 GRANT THORNTON PROGRESS REPORT**

- 42.1 Attention was drawn to Grant Thornton's progress report, circulated at Pages No. 12-26, 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.
- 42.2 Members were advised that the interim accounts audit had been undertaken in February 2016 and an Audit Plan had now been produced which would be considered under the next Agenda item. The final accounts audit 2015/16 was still planned for completion in August 2016 and Grant Thornton was required to provide an opinion by 30 September 2016. It was noted that, in the coming years the deadline for submission would be brought forward and the Engagement Lead advised that, for 2017/18, the accounts would need to be audited by the end of July. A Member noted that the draft financial statement and Annual Governance Statement were expected by 30 June 2016, however, the Audit Committee was due to meet on 22 June 2016. He was informed that, previously, the accounts had to be brought to the Committee by the end of June to approve the draft but the rules had been changed a few years earlier; the accounts were now published by the end of June but they were not taken to the Committee until September when they were approved and signed. In response to a query as to how that might change going forward, Members were advised that the deadline for the Finance Team would be the end of May which meant that in 2018 there would only be a one month period to complete the accounts as opposed to three.
- 42.3 The Audit Manager for Grant Thornton went on to advise that the National Audit Office was now responsible for issuing value for money guidance and the criteria had changed so that external auditors were now required to assess the risks applicable to the Council rather than a suite of risks. Work was ongoing with

various partners in relation to financial stability and resources within the Council and a lot of work had been conducted with the Finance Team in this regard.

- 42.4 Members were informed that a number of articles had been produced on issues which the external auditors wished to bring to the Committee's attention. The first one was relatively new and related to Grant Thornton's ongoing review of local government governance. There was also a report on "CFO insights", an online analysis tool that gave access to insight on the financial performance, socio-economic context and service outcomes of every local authority in England, Scotland and Wales. Page No. 22 related to public right of inspection of the accounts which had changed for 2015/16. Previously there had been a requirement to advertise in the newspaper for a certain number of days but the accounts must now be published on the Council's website for inspection. The 30 working day period for the exercise of public rights had to include the first 10 working days of July and therefore local authorities would not be able to approve their audited accounts or publish before 15 July 2016. The other two reports, set out at Pages No. 23 and 24, related to fair value measurement, which was a major accounting change this year but one which was not anticipated to affect Tewkesbury Borough Council due to the make-up of its asset base, and unlodged non-domestic rate appeals which could now be backdated to 1 April 2015. A Member questioned what the impact of this would be and the Finance Manager indicated that it was unknown as local authorities would need to estimate a provision for unlodged appeals; ideally a contingency would be put in place but this had not been included in the accounts for 2015/16 as there would be no financial impact for that year. The Member queried whether money would be allocated for that and he was advised that earmarked reserves were set aside ready for next year but they may need to be increased to account for this change. A Member questioned if there was a trend for more business rate appeals and the Revenues and Benefits Group Manager explained that they were fairly constant; rating agents and very large companies were particularly keen to submit appeals due to the success of the Virgin revaluation. Officers anticipated that the number of appeals would reduce as there had been a period of adjustment when rents had not been as high as before but this was pure speculation and it was a situation which needed to be closely monitored.

- 42.5 It was

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

#### **AUD.43 GRANT THORNTON AUDIT PLAN 2015/16**

- 43.1 Attention was drawn to Grant Thornton's Audit Plan 2015/16, circulated at Pages No. 27-49, which set out the Audit Plan for the year ended 31 March 2016. Members were asked to consider the information provided.
- 43.2 The Engagement Lead from Grant Thornton explained that the report summarised the initial planning work and the risk assessment work in preparing for the audit and the results of initial work around the value for money conclusion. Page No. 5 of the report gave a high level overview of the key areas which had been considered in understanding the Council and its ongoing challenges. Financial pressures associated with a continuing reduction in government funding would be picked up as part of the value for money conclusion in terms of the impact on the Council and the alternative plans being put in place for the medium to long term. There had been some interesting developments around devolution over the past few weeks and a close eye would be kept on this going forward. Business rates had already been discussed under the previous Agenda item in terms of the ongoing problems with Virgin and the impact on Tewkesbury Borough Council's financial position. The earlier deadlines for the closure of accounts was another challenge which was faced over the next few years and a number of local

authorities were already preparing and signing-off accounts to shorter deadlines. She indicated that a national report was being produced around faster close down in order to share good practice in a more formal way and she undertook to ensure that Officers had access to that once it was available. As part of the audit planning, consideration was also given to key developments in the sector as well as national audit requirements.

- 43.3 There had been a major accounting change around International Financial Reporting Standard (IFRS) 13 which defined how fair value was measured and recorded within the accounts. The main area where local authorities would be affected was around investment properties and surplus assets. There was a new requirement for local authorities to produce a Narrative Statement which reported on financial performance and use of resources in the year and the Council was also required to submit a Whole of Government accounts pack upon which Grant Thornton would provide an audit opinion.
- 43.4 Members were informed that the concept of materiality was applied when performing the audit. This was determined as a proportion of the gross revenue expenditure of the Council and, for the purposes of planning the audit, this had been deemed to be £698,000, or 2% of the gross revenue expenditure. Any adjustments over and above 5% of the materiality level were referred to as 'trivial' matters but still needed to be stated in the accounts. There were certain items where separate materiality levels were appropriate, for instance, if they were sensitive or in the public interest, and these were set out at Page No. 34 of the report. Pages No. 35-36 set out the significant risks which had been identified for the audit. There were two presumed significant risks which were applicable to all audits under accounting standards: that the revenue cycle included fraudulent transactions and management over-ride of control. Other key risk areas included operating expenses and employee remuneration.
- 43.5 The Audit Manager from Grant Thornton had outlined the changes around the value for money conclusion and the table at Page No. 38 of the report set out the new criteria. Under the old regime, external auditors had been required to look at a wide range of elements and the new system employed a more risk-based approach with targeted work on specific areas. The main risk was the Medium Term Financial Strategy due to the ongoing challenge of meeting savings outlined by the Chancellor in the Autumn Statement and the reliance on the continuation of New Homes Bonus. The audit would review the Council's savings plans and the extent towards which it was seeking to generate additional income and alternative solutions to mitigate the risk of future cuts in resources and government funding. Pages No. 40-41 of the report summarised the results of the interim audit work and it was noted that there were no specific control issues from the work carried out so far. The two areas considered were journal entry controls and early substantive testing. It had been identified that journals over £10,000 were normally reviewed by the Finance Manager, however, a report was not being produced for Suspense journals so they had not been subject to normal review. Furthermore, a report for each review was produced based on the 'posted to' date rather than the 'posted on' date so if a journal was backdated it was not subject to review. From the early testing of fees and charges income, one issue had been found in relation to garden waste subscriptions and how income from those transactions was recognised; revenue was recognised at the point of payment and not for the period to which it related. The fees for the audit were set out at Page No. 44 of the report and Members were advised that they were based on rates set by Public Sector Audit Appointments Limited.
- 43.6 In terms of the interim work on journal entry controls, a Member questioned what happened to journals under £10,000. Members were advised that all of the journal entries were carried out by accountants in the Finance Team, however, those over £10,000 were reviewed by the Finance Manager who stressed that there were very

few journals in excess of that amount and this was simply an extra level of scrutiny. The Member questioned what happened if an error was found in a journal and how this was reported. The Finance Manager advised that no errors had been identified to date; all systems were balanced monthly so any issues would be flagged up at that point. The Member noted that the report stated that journals were reviewed on an annual basis and she explained that all income came in via the income management system and was allocated a code. If the system did not understand the income, it would allocate it to a Suspense account and Officers would move it to the correct code; these were the journals which would be looked at together at the end of the financial year. The Corporate Services Group Manager advised that Internal Audit did quite a lot of work around journals and this was included in the Internal Audit Monitoring Report which was the next item on the Agenda. The Engagement Lead from Grant Thornton stressed that this was a presumed risk which needed to be mitigated and the external auditors were specifically required to include audit journals each year irrespective of value and the controls put in place by Officers.

43.7 With regard to garden waste subscriptions, the Finance Manager advised that they often generated a lot of queries with Customer Services so it was beneficial to smooth out the payments so that there was a more even spread of calls throughout the year. The Corporate Services Group Manager indicated that this was another area which had been subject to an internal audit. He explained that there were currently various renewal dates built into the system throughout the year with reminders sent a month before the renewal was due, during the month it was due and the month after the renewal was due. Any non-renewals were allocated to a 'do not collect' list which was generated daily and issued to Ubico operatives. However, this could cause problems as the system was reliant upon operatives using the list whilst balancing this against the need to ensure bins were emptied properly. A recommendation had been made to review the best way forward to tighten up this control including retrieval of the bins. One idea was to use tags to put on the bins to identify who had paid but there would be a cost to introducing this. A Member raised concern about how this would work in practice and it was agreed that this was something which needed further consideration. The Corporate Services Group Manager confirmed that this was an audit recommendation and would be assigned to the Interim Group Manager for Environmental and Housing Services.

43.8 It was

**RESOLVED** That Grant Thornton's Audit Plan 2015/16 be **NOTED**.

#### **AUD.44 STATEMENT OF ACCOUNTING POLICIES**

44.1 The report of the Finance and Asset Management Group Manager, circulated at Pages No. 50-70, set out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 supported by International Financial Reporting Standards. Members were asked to approve the accounting policies to be used during the 2015/16 closedown.

44.2 Members were advised that the Council was required to produce an annual statement of accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. In order to do this, the Council had to review all of its accounting policies to ensure that it complied with the Code. One of the main changes was the introduction of the accounting standard IFRS13 Fair Value Measurement; it was noted that fair value had always been mentioned within the accounting standards but this had standardised the definition. Fair value was now defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. There were three levels of input to measure the sale of an

asset: Level 1 inputs which were quoted prices in active markets for identical assets e.g. bonds, shares; Level 2 inputs which were inputs other than quoted prices included within Level 1 that were observable for the asset e.g. interest rates; and Level 3 inputs which required more estimation e.g. cash flow forecasts.

44.3 Although there was no change in measurement for operational Property, Plant and Equipment (PPE), the definition of the measurement base had been changed from 'fair value' to 'current value' in line with the new fair value requirements. The policy for investment properties had also been amended to reflect the new fair value requirements. The valuation method was no longer looking at the current use of the asset and instead focused on the possible wider use of the asset which meant that the final value reflected the highest and best use of the asset. This was more relevant in the private sector, for instance, if prime retail land was used for retirement homes then more money would be made and the higher value would need to be included in the accounts. As the Council had undertaken borrowing for cash flow purposes, clarification had been provided as to how this would be presented in the balance sheet. In terms of interests in companies and other entities, the previous year's accounts had been specific about the relationship with the Swimming Bath Trust, however, the Council now had an interest in Ubico which needed to be accounted for. This standard had been rewritten to be less specific as full details of any interest would be disclosed within the notes to the account. It was also noted that the depreciation policies had been amended slightly to allow for the new solar panels which had been installed on the roof of the Council offices as they needed to be treated as a more specialist asset and depreciated over a longer term than current plant and equipment.

44.4 A Member questioned whether the new leisure centre would have any impact on the value of the Council Offices and the Finance Manager confirmed that valuations were currently being undertaken as part of the annual review of assets and Members would be informed of the outcome within the coming weeks. It was subsequently

**RESOLVED** That the accounting policies to be used during the 2015/16 closedown be **APPROVED**.

#### **AUD.45 INTERNAL AUDIT PLAN MONITORING REPORT**

45.1 The report of the Corporate Services Group Manager, circulated at Pages No. 71-102, was the third monitoring report of the financial year and summarised the work undertaken by the Internal Audit team during the period December 2015 to February 2016. Members were asked to consider the audit work completed and the assurance given on the adequacy of the internal controls operating in the systems audited.

45.2 The Corporate Services Group Manager reminded Members that the Internal Audit team consisted of two full-time equivalent posts. As previously reported to the Committee, one of the postholders had been on maternity leave which had been covered through a combination of a secondment arrangement and an external contractor. This Officer had now returned on a part-time basis and shared a post with the other member of staff leaving one vacancy in the team. This post had been advertised and an appointment had been made with the new member of staff starting the role on 11 April. It was noted that no incidents of fraud had been reported during the period and no work had been commissioned for Tewkesbury Town Council.

45.3 Full details of the work undertaken in the period was attached at Appendix 1 to the report and a list of audits within the 2015/16 Audit Plan and their progress to date could be found at Appendix 2 to the report. It was noted that all audit opinions issued had been either 'good' or 'satisfactory'. A good level of control had been found in respect of the audit of the main accounting system and the local authority

had strong financial control which was a view shared by the external auditors. An audit of 'cash and bank', a key financial system, had identified a good level of control over the Council's cash payments and bank reconciliation. Payroll was another fundamental financial system with reputational risks. This audit had found that key parameters had been correctly input into the system and were applied correctly during the payroll process; salary adjustment notifications were entered correctly into the payroll system; reconciliation and assurance checks were undertaken during the processing of the payroll, supported by a monthly reconciliation to the main accounting system; and the payment of employees was verified on an annual basis.

- 45.4 With regard to the garden waste audit, which had been discussed under an earlier Agenda item, a satisfactory level of control had been found overall and a comprehensive record of nearly 15,000 residents who subscribed to the garden waste service was held through the Achieve system which allowed renewal administration. In terms of renewals, there were prescribed stages built into the system with a number of reminders sent out. Any non-renewals were added to the 'do not collect' list which was provided to Ubico on a daily basis, however, there could not be full assurance that the unpaid bins were not collected as the system was reliant on the Ubico operatives using the list and trying to empty the bins at the same time. Since April 2015, Ubico had not been instructed to physically pick up the unpaid bins which meant that there were over 400 unpaid bins which could potentially be presented for collection. An audit of Cascades had found a good level of control around the collection of income, however, there was limited assurance around stock control. Whilst stock control systems were in place and stock checks could be demonstrated for all resale items, there were variances in minor items such as vending machine stock and ice creams. Sample testing had indicated that four out of eight items tested did not balance and the Asset Manager had been invited to attend the meeting to answer any questions Members may have. It was noted that the inventory of equipment had been found to accurately list the assets on site. A high level programme for decommissioning the Cascades facility had been produced and more detail would be provided as this formally commenced.
- 45.5 Appendix 3 to the report contained a summary of all audit recommendations and their status. The Corporate Services Group Manager advised that tree inspections had been discussed at length at previous meetings and a transformational project had been launched to attempt to resolve the problems identified which involved replacing the paper system currently in operation with mobile devices to plot trees. A number of days would be allocated within the 2016/17 audit plan to audit the new system. Members were also advised that the recommendations arising from the garden waste audit would be part of a wider review of the garden waste system and the new Revenues and Benefits Write-Off Policy which had been identified as being in need of amendment, would be taken to the Executive Committee on 6 April 2016. Pages No. 93-95 of the report related to the local transparency agenda audit and demonstrated that the recommendations had been implemented and there had now been a vast improvement in the way assets were recorded and managed following the audit of the ICT Asset Inventory.
- 45.6 With regard to the decommissioning of Cascades, a Member queried how it was intended to ensure that the building was kept safe and would remain empty. The Asset Manager advised that the new leisure facility would be opening on 30 May 2016, which was during the school half-term holiday when the majority of the decommissioning of Cascades would be done. All valuables would be removed

from the site and the pool would be emptied with a barrier system operating to ensure that if anyone did break in they would not have access to the tanks. He would shortly be going out to tender with the specification for demolition to commence in mid-June. A Member queried whether anything was being done to address the issues identified with the stock at Cascades and was advised that, whilst there were controls in place, they were not strictly in line with the financial procedure rules. Stocktakes were undertaken quarterly and where any discrepancies were found they tended to be among the high volume, low value items such as teabags and sugar. The resale goods and vending machines generated a profitability level of 58% which far exceeded the Swimming Bath Trust target of 30%. The Asset Manager stressed that no items had actually gone missing and the high end stock such as swimming costumes and goggles was extremely well monitored. The site manager was able to sign-off £25 of discrepancies for resale items worth over £45,000, anything more was referred to the Section 151 Officer to sign-off and no such requests had been made over the last 18-24 months. One issue which had been identified was how to identify the amount of stock at year end and how this would be disposed of. A statutory stocktake was undertaken on 31 March each year with an audit carried out at the same time by an external auditor on behalf of the Swimming Bath Trust. This year it would be carried out on 31 March for auditing purposes and again on 29 May, immediately prior to closure. The operators of the new facility, Places for People, had agreed to take some of the stock and the rest would need to be disposed of and written-off in accordance with Council policy. It was a very difficult time as stock levels needed to be run down but also maintained at an appropriate level whilst Cascades remained operational.

45.7 In terms of the garden waste audit, a Member noted that there were around 400 unpaid bins which equated to approximately £17,500 of unpaid fees and he questioned whether the Ubico operatives could be tasked to physically go and collect those bins. The Corporate Services Group Manager stressed that these bins were not necessarily all being presented for collection. A letter had been sent to everyone on the unpaid bins list and 50 people had subsequently come back and paid with a further 30 having cancelled their subscription so that number had been reduced by 80. Nevertheless, there was a recommendation that a system be put in place to collect bins on the unpaid list and discussions were taking place with Officers about the best way to do this.

45.8 Having considered the information provided, it was

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

#### **AUD.46 INTERNAL AUDIT PLAN 2016/17**

46.1 The report of the Corporate Services Group Manager, circulated at Pages No. 108-119, set out, at Appendix 1, the Internal Audit Plan 2016/17. Members were asked to approve the Plan.

46.2 Members were advised that the Internal Audit Plan 2016/17 was divided into five main areas: corporate governance; corporate improvement; fundamental financial systems; service areas; and other areas. Members were informed that, under corporate governance, the Internal Audit team would be looking at health and safety and lone working as well as the new complaints framework, which was due to be considered by the Executive Committee on 6 April 2016, as well as business continuity, safeguarding and information governance. The work on the fundamental financial systems would help to inform Grant Thornton's year end work on the accounts. In terms of the service areas included in the plan, audits would be carried out in relation to insurances; ICT; client monitoring of the new leisure centre and Ubico; Tell Us Once; tree inspections; playground inspections; recycling; community grants; Tourist Information Centres; bulky waste and flood resilience/flood



alleviation grants. Consultancy and advice had been allocated 30 days within the plan which accounted for representation on corporate groups e.g. 'Keep Safe, Stay Healthy' Group, Business Continuity Group etc. with 20 days set aside for internal audit work undertaken at Tewkesbury Town Council and a further 30 days for follow-up audits.

46.3 It was

**RESOLVED** That the Internal Audit Plan 2016/17 be **APPROVED** as detailed at Appendix 1.

#### **AUD.47 INTERNAL AUDIT CHARTER**

47.1 The report of the Corporate Services Group Manager, circulated at Pages No. 108-119, informed the Committee of the requirement to formally define the purpose, authority and responsibility of internal audit activity in an Internal Audit Charter which must be periodically reviewed. Members were asked to approve the Internal Audit Charter.

47.2 Members were advised that the Internal Audit Charter established the internal audit activity's position within the organisation and final approval rested with the Audit Committee. The Charter was first approved at the Audit Committee meeting on 20 March 2013 and there were no significant changes to the original Charter other than amendments such as updated job titles. The revised Charter was attached at Appendix 1 to the report. It was noted that Page No. 118, Paragraph 10.1 of the report, set out that it was a requirement of the Public Sector Internal Audit Standards that an independent review must be commissioned at least once every five years by a qualified assessor and a report would be brought to a future meeting of the Audit Committee within the current financial year. In response to a query, the Corporate Services Group Manager confirmed that the independent review must be carried out by 2018. It was a matter of debate as to who would be classed as a qualified assessor; it could be the head of internal audit from another authority provided that it was independent, or it could be external auditors such as Grant Thornton. The Engagement Lead from Grant Thornton confirmed that it did carry out these reviews and, if Grant Thornton was commissioned by the Council, the work would be undertaken by a different team which was not associated with the audit team. It was noted that some authorities pooled together and carried out a review on a joint basis. The Corporate Services Group Manager felt that it was important that the review was proportionate to the authority's size.

47.3 It was

**RESOLVED** That the Internal Audit Charter be **APPROVED**.

#### **AUD.48 NATIONAL FRAUD INITIATIVE DATA MATCHING EXERCISE**

48.1 The report of the Revenues and Benefits Group Manager, circulated at Pages No. 120-123, informed Members of the outcomes of the National Fraud Initiative data matching exercise. Members were asked to consider the report.

48.2 The Revenues and Benefits Group Manager 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 £203M in fraud, error and overpayment in England in the 2012/13 exercise, bringing the UK total since its launch in 1996 to £1.17 billion. Public sector bodies were required to submit data to the NFI on a regular basis in order for it to be

cross-checked against other government departments and other organisations' databases. The exercise focused mainly on checking the correct eligibility for single person discounts and ensuring that housing benefit recipients had reported changes in circumstances.

- 48.3 The 2014/15 data matching exercise on Council Tax single person discount had been completed and had made 525 matches and identified 99 ineligible awards with over-claimed discount amounting to £32,512.81. 82 Council Tax matches had been made identifying where a resident had reached the age of 18 with 25 ineligible awards being found amounting to £7,542.17 of over-claimed discount. The outcomes showed a fall in the number of incorrect awards of single person discount compared to the last review; previously the total number of ineligible discounts was 176 with a total of £59,492.45 over-claimed discount. During 2014/15, the total value of awards for single person discount amounted to £3,822,576.74 with the total number of single person discount claims amounting to 12,083. The amount found was relatively small in value, although it was important that the discounts were checked to ensure that those who were eligible to receive the award continued to receive it. The average over-claim in 2014/15 amounted to £323 per case.
- 48.4 Going forward, the Council was working with the newly formed Counter Fraud Hub which was made up of a consortium of local authority staff, backed by the districts in Gloucestershire. The Hub would be carrying out a major review of single person discount awards during 2016 and a review form would be sent out with the annual Council Tax bills. Staff from the Hub and the Borough Council would be carrying out checks on the returned forms and on the latest matches received from the NFI to ensure that awards had been correctly made. Throughout 2015, staff had carried out checks on matches provided by the NFI on housing benefit claims and, of the 589 matches, 535 had been cleared with 16 frauds and 41 claimant errors identified resulting in overpayments of £59,878.67. The fraudulent claims had been passed to the Department of Work and Pensions and the outcome of their investigations was awaited. It was noted that there was a caseload of 4,079 claims and housing benefit awards totalling £19M; the exercise in itself did not establish a significant amount of fraud in error but it was important to ensure that claims were accurate and awards were appropriately made. The Revenues and Benefits team made every effort to collect the arrears created through both exercises and, where payment was not made, enforcement action was taken and would result in cases being taken to court.
- 48.5 A Member questioned how many cases were taken to court and how many were won by the Council. The Revenues and Benefits Group Manager explained that the Council had not been liable for any overpayments on single person discount and no appeals had been made in relation to housing benefit overpayments. The cases tended to be very clear cut, however, there was always an option to take court action. In relation to a query regarding single person discount, Members were advised that approximately 9,000 review forms had been issued but the response so far had been very poor. In many cases people stated that they had just moved into the property and that would be monitored going forward. A Member raised concern regarding assured short hold tenancies which were in one name but where there could be several people living in the property. The Revenues and Benefits Group Manager explained that Council Tax was assessed on the number of people living in the property and when information was provided by letting agents to advise that someone had moved in, Officers always asked for information about any other joint tenants or occupiers as there was an obligation to include them on the Council Tax bill. This information was not always forthcoming and it required quite a lot of work from Officers. In response to a query as to what was being done to recoup overpayments, Members were advised that the Council received a 40% housing benefit overpayment subsidy from the Government for every overpayment. The Council Tax collection rate was very high at around 98%

which indicated that Officers did work hard to ensure that payments were made and money collected. A Member questioned whether overpayments were claimed back from tenants or landlords where properties were rented out and was advised that, whilst it was possible to claim from the landlord, there were strict rules about when that could be done and the vast majority of the cases went to the claimant.

48.6 Having considered the information provided, it was

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

#### **AUD.49 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES**

49.1 The report of the Borough Solicitor, circulated at Pages No. 124-129, set out the Significant Governance Issues and the action to be taken to address them as identified in the Council's Annual Governance Statement. Members were asked to consider the progress made against those issues.

49.2 Members were advised that the table set out at Appendix 1 to the report comprised the Significant Governance Issues and the proposed actions and timescales for completion, with a further column indicating the progress as at 1 March 2016. It was noted that good progress was being made in relation to embedding budget understanding and business continuity, however, the date for the completion of the Constitution update had been put back to December 2016. The Borough Solicitor provided assurance that the Constitution did not contain any fundamental errors, and it had been updated over the year, it did require a refresh and this was something which had been identified by the Peer Review. Unfortunately, the Democratic Services team who would be carrying out this action were now working towards the forthcoming Police and Crime Commissioner Elections in May and the EU Referendum in June, which had been announced since the adoption of the Annual Governance Statement, and the deadline had therefore been pushed back. In terms of the Workforce Development Strategy, the Human Resources team was working in partnership with senior Human Resources Officers from Gloucestershire Care Services who were helping to deliver the strategy, however, the date of completion would need to be extended to reflect the sickness absence of the Council's lead Officer who had been involved in a skiing accident. A Member questioned how long this action would be delayed and the Borough Solicitor indicated that she believed that the new target date would be April 2016 but she would confirm this to Members following the meeting.

49.3 It was

**RESOLVED** That progress against the Significant Governance Issues identified in the Council's Annual Governance Statement be **NOTED**.

#### **AUD.50 CORPORATE RISK REGISTER**

50.1 The report of the Corporate Services Group Manager, circulated at Pages No. 130-138, attached the corporate risk register which Members were asked to consider.

50.2 Members were advised that the Council's overall risk management arrangements were overseen by the Corporate Governance Group and the corporate risk register, attached at Appendix 1, was a high level summary document which had

been endorsed by the Corporate Leadership Team; changes to the register since the last update were highlighted in bold. It was noted that the risk management framework, including the Risk Management Strategy and risk register, would be formally reviewed through the course of 2016/17. This would be supported with training for relevant Officers and Members. The review of the Risk Management Strategy had been briefly discussed at the Transform Working Group where there had been evidence of a shift in the risk appetite of the Council, for example, a will to explore commercial opportunities, which should be reflected in the new strategy.

- 50.3 With regard to Appendix 1, particular attention was drawn to business transformation which was a key part of the transform programme and a Digital Strategy was due to be presented to the Executive Committee at its meeting on 6 April 2016. Economic growth was central to the new Council Plan and an Overview and Scrutiny Committee Working Group was currently in the process of reviewing the Economic Development and Tourism Strategy. The Working Group needed more time to ensure that the strategy was comprehensive and the implementation date had therefore been amended to December 2016. In terms of asset management, Members should be aware that the Executive Committee had recently approved the preparation of development proposals for the Spring Gardens and Oldbury Road site. As mentioned under the previous Agenda item, the development of a new Workforce Development Strategy was on hold pending the return of the Lead Officer from sickness absence, however, assurance was provided that work would still be done in this area, e.g. training, without a formal strategy in place. In relation to customer expectation, a Customer Care Strategy had been approved by the Executive Committee in March 2016 and the corporate standards included within the strategy, which set out what customers could expect when making contact with the Council, now needed to be rolled out. In terms of the delivery of operational services, a client monitoring framework had been developed and the Overview and Scrutiny Committee was due to receive the second report since the transfer of waste services to Ubico at its next meeting. Finally, business continuity had been identified as a Significant Governance Issue in the Annual Governance Statement and a desktop exercise had been held for Operational Managers in February which had provided the catalyst for more work during the year.

- 50.4 A Member felt that the register needed to be updated in relation to the new leisure centre which was entering the final phase of build work, as it would be necessary to ensure that the agreement was working properly before the handover of the facility to the operators. The Corporate Services Group Manager felt that this was a valid point and undertook to update the risk accordingly. It was subsequently

**RESOLVED** That the information contained within the corporate risk register be **NOTED**.

The meeting closed at 3:50 pm