

# AUDIT & GOVERNANCE COMMITTEE

## MINUTES

TUESDAY 28 FEBRUARY 2017  
GIPPING ROOM, GRAFTON HOUSE  
6.00 PM

**Present:** Councillors S Barber, J Cook (Chair), A Leeder (Vice-Chair), D Maguire, E Phillips, J Powell, I Fisher and A Hanson

**53. Apologies for Absence**

There were no apologies for absence.

**54. Unconfirmed Minutes of the Meeting held on 13 December 2016**

54.1 Mr Hanson pointed out that he had not been included in the minutes as having attended the last meeting however, it had been agreed to rectify this.

**Resolved:**

**that the minutes of the meeting held on 13 December 2016, with the amendments above, be signed as a true record.**

**55. To confirm the dates of the meetings (all at 6.00pm)**

**Resolved:**

**that the dates of the meetings be confirmed as printed on the agenda, with meetings to commence at 6.00pm.**

**56. To Confirm or Vary the Order of Business**

**Resolved:**

**that the Order of Business be as printed on the agenda.**

**57. Declarations of Interest**

There were no declarations of interest.

**58. AG/16/30 Financial Management & Control Corporate Budget Monitoring - Third Quarter 2016/17**

58.1 The Operations Manager, Finance & Procurement drew attention to the predicted outcome of underspend for the General Fund Revenue, the big ticket savings and the movement on Quarter 3 in respect of the Customer Access Strategy, Zero Based Budgeting and Transformation Savings. The overall outstanding target was now £1.4m and a predicted underspend of £281k was currently identified, an increase of £77k in the quarter.

58.2 The Shared Revenues Partnership currently predicted an underspend of £294k due to transitional vacancies and work undertaken for Suffolk County Council. Two write offs were requested for consideration and the Chair asked if there were any opportunities to enforce debtors in a stricter way? It was confirmed that the statutory guidelines were followed in every case and both Officers and the Corporate Management Team regarded this matter seriously. In light of the concerns of the Committee the process for business rates recovery would be circulated to members of the Committee for information.

58.3 Councillor Leeder asked how the Quarter 3 savings had been reached and the Head of Resource Management said that the 3 elements, as detailed in Section 7.3 of the report complimented each other and were due to business re-engineering.

58.4 Councillor Phillips asked whether the savings target gap would be reached by the end of the year and the Head of Resource Management said that it would be a challenge however, he also drew members attention to a project underspend of £½m.

**Resolved:**

**that the Audit & Governance Committee recommend to Executive that:**

- 1. the service budget performance and the resulting budget changes for the General Fund, be noted and approved.**

Reason: To facilitate effective budgetary control and forecasting.

- 2. the service budget performance and the resulting budget changes made for the Housing Revenue Account be noted and approved.**

Reason: To facilitate effective budgetary control.

- 3. the service budget performance and resulting budget changes for the Shared Revenues Partnership (SRP), be noted and approved.**

Reason: To facilitate effective budgetary control.

**4. the position on the 2016/17 and future years Capital Programme and financing resources, be noted.**

Reason: To facilitate effective budgetary control.

**5. the position in respect of the Council's Treasury Management activities during 2016/17, be noted.**

Reason: To facilitate effective treasury management activity.

**6. that £123,968, relating to business rates payable by Chamic Ltd and Art Aid CIO, as identified in paragraph 17.2 of report Ref No: AG/16/30, be authorised for write off against the business rates bad debt provision.**

Reason: To recognise that the debt is irrecoverable and allow the necessary accounting entries to be made to the collection fund.

**59. AG/16/31 External Audit - Audit Plan 2016/17**

59.1 Mr Kevin Suter presented this report which set out the key risks and outlined the planned strategy in response to the risks.

59.2 Business Rate appeals would need to be considered as well as provision for bad debt. The consolidation of the Council's subsidiaries was in line with relevant accounting standards and the code of practice. In respect of sustainable resource deployment it was important to make sure that the business plans were robustly managed and that IB Assets were income generating. There were no threats to independence so the public could place a good reliance on work undertaken.

59.3 Councillor Leeder asked what the mechanism was to raise awareness of any concerns about value for money? Mr Suter said that if any concern was expressed he could be contacted or an Extraordinary meeting of the Committee could be convened.

59.4 Councillor Phillips suggested that the Benefit Officers should continue to undertake testing for housing benefit certification as it was generally more cost effective for Council officers to undertake this work to ensure that the auditor fees did not significantly increase. However, the Officer attending noted that the service area was not currently resourced to undertake sampling work. In response to a question on comparative costs Mr Suter said that costs within the Annual Verification report would allow this to be estimated.

**Resolved:**

**that the report be noted.**

**60. AG/16/32 Annual Certification Report 2015/16**

60.1 Ms T Meyer presented the summary of the Annual Certification Report 2015/16 and confirmed that the value of the housing benefits subsidy had been certified and the submission deadline had been met. The summary of errors for 2015/16 were in the Qualification Letter. There had been a significant drop in the fees from 2014/15 to 2015/16 as Officers had been available to undertake some testing. Further assurance work would be undertaken on the Housing Pooling Capital return scheme and the expected fees for 2017/18 were currently under consideration.

**Resolved:**

**that the report be noted.**

**61. AG/16/33 Audit Results for the year ended 31 March 2016 (To Follow)**

61.1 Kevin Suter from Ernst & Young presented this item and said that this report had been submitted after the agenda had been published as the process had taken longer than expected. The findings of audit risk identified during the planning phase of the audit were set out in Section 3 and the value for money conclusion was detailed at Section 4.

61.2 He made reference to points taken forward with regard to Ipswich Borough Assets about ensuring appropriate governance arrangements were in place and the Operations Manager, Finance & Procurement stated that adjustments that had been required to be made to the accounts were generally technical accounting matters and would have no impact on the budget or Council Tax.

61.3 Mr Hanson asked whether the Public Sector Audit Appointments (PSAA) profiles, used for benchmarking, could be monitored to identify improvement. Mr Suter said that updates had been made within the last month and the Head of Resource Management said that all authorities differed which was why benchmarking was difficult. It was also confirmed that each trading company would be audited separately.

**Resolved:**

**1. that the comments on the External Audit Results be noted.**

**2. that the Section 151 Officer has delegated authority to incorporate any changes required by External Audit to the Statement of Accounts, following a resolution by Council on 22 September 2016, be noted.**

**62. AG/16/34 Internal Audit Plan - Annual Plan 2017-18**

62.1 The Head of Internal Audit presented this report in accordance with the Terms of Reference of the Audit & Governance Committee. An in depth review was carried out during November 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and there were no areas of non-compliance within

the standards that would affect the overall scope or operation of the internal audit activity.

- 62.2 In conclusion it was considered that at least one private meeting per year would be set up between the Committee and the Head of Internal Audit, in accordance with the Public Sector Internal Audit Standard (PSIAS) and the Audit Charter.
- 62.3 In response to Councillor Leeder, the Head of Internal Audit confirmed that there would be alignment to the key elements of the new Corporate Plan when it was agreed by Council and the processes for grants awarded to the community would be checked across all Councils for fair and transparent good practice.
- 62.4 In respect of how changes to car park machines would be made, in light of the new shaped £1 coin, the Operations Manager, Finance & Procurement said that a detailed list of machines existed and the appropriate updates had been ordered.
- 62.5 Councillor Barber asked whether the customer portal would be affected by the implementation of Universal Credit and it was confirmed that a computer auditor had advised of any impact and this had already been considered.

**Resolved:**

**that the Internal Audit Plan for 2017/18, attached at Appendix 1 to report Ref No: AG/16/34, be approved.**

**63. AG/16/35 Corporate Fraud Business Plan 2017-18**

- 63.1 The Head of Internal Audit presented this report which set out the Council's corporate approach to the prevention, detection and prosecution of fraud and corruption. Ipswich Borough Council had a zero tolerance approach and a dedicated in house professional Corporate Fraud Team demonstrated their commitment to this objective. The key activities of the specialist team were directly aligned to the areas which impacted on Councils, as issued by The European Institute for Combatting Corruption and Fraud (TEICCAF).
- 63.2 On a performance level, continuous monitoring took place but the annual report on outputs for 2016/17 would be submitted to the Committee in June 2017. Fraud clinics were held monthly and were an opportunity for staff to discuss any concerns or suspicions they might become aware of, as part of their duties.
- 63.3 Councillor Leeder asked whether, should there be a shortfall in income generation, services would be sold to other organisations and the Head of Internal Audit reported that the Corporate Fraud Team had more than covered their costs. There was also a growing demand from other Councils and Housing Associations and this would be investigated. In relation to awareness raising at Ipswich Hospital it was confirmed that this had been within a hospital

magazine and on the hospital Radio and it was suggested that information could also be placed on the hospital intranet site.

- 63.4 Councillor J Cook suggested that Councillor training on identifying potential fraud be offered through the Councillor training programme and Mr Hanson asked that he also be included in any fraud training. In response to Councillor Phillips asking why the indicator of the National Fraud Authority estimated the annual loss being so high, the Head of Internal Audit pointed out that these were annual figures which covered both Central and Local Government in 2015.

**Resolved:**

**that the Corporate Fraud Services Business Plan 2017/18, attached at Appendix 1 to report Ref No: AG/16/35, be endorsed.**

**64. AG/16/36 Internal Audit - Recently Issued Reports**

64.1 Treasury Management – Bank & Cash Reconciliations 2015-16

Councillor Barber asked for further explanation about reported errors and the Head of Internal Audit said that cash reconciliations were now being undertaken on a monthly basis and the key factor was that they were now being identified and rectified.

**Resolved:**

**that the contents of the Audit reports on the following, be noted and the recommendations within the reports be endorsed.**

- 1. Treasury Management 2015-16 (RM019)**
- 2. RAM IT Key Controls 2016-17 (RM032)**

**65. AG/16/37 Audit & Governance Future Work Programme 2017/18**

**Resolved:**

**that the Audit & Governance Future Work Programme 2017, be noted.**

**66. Exclusion of Public**

**Resolved:**

**that the public (including the Press) be excluded from the meeting during consideration of the following items under section 100(A) of the Local Government Act 1972 as it was likely that if members of the public were present during the item there would be disclosure to them of exempt information falling within paragraphs 3 & 4 of Schedule 12A of the Act.**

**67. Unconfirmed Exempt Minutes of the Meeting held on 13 December 2016**

**Resolved:**

**that the minutes of the meeting held on 13 December 2016, be signed as a true record.**

The meeting closed at 7.30 pm

**Chair**