

AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 22 NOVEMBER 2018

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AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 22 NOVEMBER 2018

Present:

Councillor G Morley (Chair)
Councillor G Butler (Vice Chair)

Councillor B Barnes
“ S Ellis
“ A Garrett

Councillor D Skinner
“ C A Smith

Also Present:

D Broom - Facilities and Contracts Manager
D Clarke - Joint Head of Finance and Revenues and Section 151 Officer
V Dawson - Solicitor – Team Manager (Contentious)
G Harper - Estates Manager
L Kerry - Auditor
A Maher - Governance Officer
D Stanton - Governance Officer
J Williams - Internal Audit Consortium Manager

369 Apologies for Absence

Apologies for absence had been received from Councillor M E Thacker.

370 Declarations of Interest

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and to withdraw from the meeting at the appropriate time.

There were no interests declared at the meeting.

371 Minutes of Last Meeting

RESOLVED – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 11 October 2018 be approved as a correct record and signed by the Chair.

372 Summary of Progress on the Annual Internal Audit Plan 2018/19

The report to Committee summarised progress to date on the Council's Internal Audit Plan 2018/19. Members were informed that five audit reports had been issued between 20 September 2018 and 9 November 2018. They also noted that audits were currently taking place on: Freedom of Information/Environmental Regulations, Creditors and Payroll.

RESOLVED - That the summary of progress on the Annual Internal Audit Plan 2018/19 be noted.

373 Change of Order of Agenda

The Chair with the consent of the Members of the Committee agreed that the order of the agenda be amended to that as set out within these minutes.

RESOLVED - That the order of the agenda be amended to that as set out within these minutes.

374 Exclusion of the Public

RESOLVED: That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006. (The category of exempt information is stated after each minute)

375 Internal Audit Report: Commercial and Industrial Property Rents

With the agreement of the Chair, the Committee was asked to consider the Internal Audit on Commercial and Industrial Property Rents. This was originally scheduled to be considered at item 9 on the agenda.

Members noted that only a 'Limited Assurance' had been given following on from this audit. The report explained how a 'Limited Assurance' meant that important controls were either not in place or not operating effectively. As a consequence, there was a risk that 'systems' which had been audited may not be achieving the objectives set for them and that some of the key risks may not be being well managed.

The Committee discussed the reasons why only a Limited Assurance had been given. They also discussed the action plan of measures being developed to address the areas of concern; and in particular, to proactively ensure that commercial and industrial property rents were not allowed to go significantly into arrears.

Members agreed that the Committee should continue to monitor progress on this.

RESOLVED - That:

- (1) The Committee notes the report.
- (2) That progress on implementing the Commercial and Industrial Property Rents Audit report's Action Plan be reported to the Committee early in the new municipal year.

(Joint Head of Finance and Resources and Section 151 Officer)
(Paragraph 3)

376 Readmission of the Public

RESOLVED: That the public be readmitted to the meeting.

377 CIPFA Fraud and Corruption Tracker Survey 2018

The Committee considered the results of the latest CIPFA Fraud and Corruption Tracker (CFaCT) Survey. Members were informed that this survey was carried out annually. It was intended to provide a picture of fraudulent activity within local government and illustrate the actions which local authorities are taking to mitigate the risks. The report made clear that although there had been a reduction in both the number and value of frauds compared to the previous year, fraud continues to be a serious problem – especially fraud involving certain payments, such as business rates and council tax payments.

The Committee discussed the report and the fraud prevention measures which the Council has put in place. Members made it clear that they continue to support the current zero tolerance approach towards fraud. This approach is set out in the Council's Anti-Fraud, Bribery and Corruption Policy (including Money Laundering Policy). The Policy was last approved by the Committee in October 2015.

RESOLVED -

(1) The results of the CIPFA Fraud and Corruption Tracker Survey be noted.

(2) The fraud prevention measures that NEDDC has in place be noted.

378 Implementation of Internal Audit Recommendations

The Committee received a summary of the Internal Audit recommendations made and implemented during the financial years 2016/17 to 2018/19. Members also considered the outstanding internal audit recommendations. The Committee noted that 72% of the recommendations for the current municipal year had been implemented. This figure was expected to rise significantly as more projected actions were taken.

RESOLVED - That:-

(1) The report be noted.

(2) That the Committee receives further summaries of the internal audit recommendations on a six monthly basis.

(Head of the Internal Audit Consortium)

379 Medium Term Financial Plan – Budget Monitoring Report. Q2 April – Sept 2018

The report to Committee gave a summary of the budget monitoring information for the first two quarters of the current financial year (April – September 2018). The information had been presented to Cabinet at its meeting 31 October 2018. The Committee was informed that the savings target for 2018/19 had been achieved. Members welcomed this. However, they were reminded that ongoing savings would still have to be made over the next 5 years in order to meet the projected budget shortfalls.

RESOLVED - That the Committee notes the report.

380 Medium Term Financial Plan - Revised Budgets 2018/19

The report to Committee summarised the Council's revised budget for 2018/19. This information was scheduled to be submitted to Cabinet on 28 November 2018. In terms of the General Fund Revenue Account, additional funding was required because the nett cost of the Council's services had increased. The reasons for the growth were explained. The report also explained that the Council had received £1.516m of additional business rate income as part of a successful pilot scheme involving Derbyshire Authorities. The Council had once again applied to be part of the business rates pilot scheme for Derbyshire. Government was expected to announce which of the applications to be a part of the new business rates pilot scheme had been accepted early in 2019.

The report included information about the Housing Revenue Account. This made it clear that rental income had been slightly higher than the original budget, due to lower than expected voids.

The Committee discussed the report. Members noted the detailed revised estimates for each directorates, broken down by service area. The Committee welcomed the report and suggested that additional information be included when it is presented to Cabinet, so as to highlight and explain the main budget variations and the reasons for them.

RESOLVED - That the Committee notes the report.

381 Corporate Debt – Quarter 2

The report to Committee summarised the Corporate Debt owed to the Council at the end of September 2018. Members learned that the average debt owed by 'Sundry Debtors' was £1.505m. Average debts due to overpaid housing benefit stood at £1.429m an average Housing Revenue Account total indebtedness was £2.019m.

Members discussed the report. In particular, they asked about the Council's relationship with the Department of Work and Pensions in pursuing housing benefit debts, the introduction of the Universal Credit benefit and finally what impact the change in benefit systems might have on debt levels to the Authority.

The report suggested that the scope of future corporate debt reports to the Committee should be extended, in order to provide additional information on other forms of debt owed to the Council and to explain how North East Derbyshire is performing compared to other local authorities. Members welcomed the suggested approach.

RESOLVED - That:

- (1) The Council notes the report concerning the Council's corporate debt as at 30 September 2018.

- (2) That the Committee receives further reports on a quarterly basis detailing the Council's debt.

(Joint Head of Finance and Revenues and Section 151 Officer)

382 Risk Management Update, Partnership Working and Strategic Risk Register

The Committee considered a report on the Council's Strategic Risk Register. This report will be submitted to Cabinet at its meeting on 28 November 2018.

Members considered the report and the specific strategic risks. They noted that no additional risks had been added to the register since the last time it was considered by the Committee.

RESOLVED - That the Committee notes the report.

383 Role and Effectiveness of the Audit Committee

Members were informed that CIPFA had recently introduced a new best practice guidance for audit committees. As part of this, audit committees were encouraged to complete a self-assessment questionnaire, so that they could determine how far they were in line with good practice. CIPFA believe that when an audit committee can show through the questionnaire, that it has a high degree of performance against good practice principles, then it is likely to be soundly based and have a knowledgeable membership.

The Committee discussed the CIPFA guidance and the changes which had been made since the association had last issued guidance to audit committees, in 2013. The Committee then collectively completed the self-assessment questionnaire. This revealed that in overall terms the Council's Audit Committee was complying closely with good practice. Members welcomed this.

RESOLVED - That:-

- (1) The Committee notes the new CIPFA guidance for Local Authority audit committees.
- (2) That the completed self-assessment questionnaire be reviewed and any follow on actions to be presented to a future meeting of the Committee.

(Joint Head of Finance and Revenues and Section 151 Officer)

384 Review of Terms of Reference

The Committee received a report on its Terms of Reference. This explained that the Council's Standards Committee had decided to review the Terms of Reference of the Audit and Corporate Governance Scrutiny Committee. As a first step, Members were asked to consider the Committee's current Terms of Reference and to decide if they wished to make any suggestions for amendments to the Standards Committee.

The Committee considered its current Terms of Reference. There was a consensus that these Terms of Reference remain fit for purpose. As a consequence, the Committee did not propose any substantive changes to them. Members were told that a minor change would be required in order to reflect changes that had been made at a national level. In particular, the term 'Statement of Internal Control' was no longer used under the legislation and should be replaced by the term 'Annual Governance Statement'. The Committee agreed to this.

Members noted that any amendments to the Committees Terms of Reference proposed by Standards Committee would have to be agreed by Council, so that they could be implemented from the beginning of the new Municipal Year, in May 2019.

RESOLVED: That the Committee propose no changes to its current terms of reference.

Solicitor – Team Manager (Contentious)

385 Corporate Plan Targets Performance Update – July to September 2018 (Q2 – 2018/19)

The Committee considered an update on performance achieved against Corporate Plan Targets for the period July to September 2018. Members were informed that of the 56 targets, 36 (64%) were on track, 16 (28%) had been achieved, 2 (4%) were flagged as an alert and 2 (4%) had been withdrawn.

The Committee received information about each of the targets. In particular, on the measures around transformation, Members heard that £515k of savings in income have been achieved across both North East Derbyshire District Council and Bolsover District Council. This was welcomed by the Committee. Members also noted that the Council was on track to increase the number of on line self-service transactions dealt with by the Contact Centre by 20% each year.

Members discussed the performance information and especially those measures flagged up as being on 'alert' – or in other words where the target was 6 months off the intended completion date and the required outcome might not be achieved or those that were to be 'extended' – or when the date for the target had been formally extended by SAMT/Members. In this context, the Committee discussed how one of the flagged measures – around the preparation of the Local Plan – the Council did not have direct control of the timetable. Members then heard and discussed the latest position on the Local Plan timetable and the next steps.

The Committee also examined several other measures which were classed as 'on track' and questioned what progress had been made and whether this had been reflected adequately in the status in which they had been allocated. In addition, Members asked for clarification on several points, especially around those measures involving partnership working.

RESOLVED - That the Committee notes the progress made into the Corporate Plan 2015/19 targets.

386 Urgent Business – Public Session

There was no urgent business to be considered in the public session of this meeting.

387 Committee Work Programme 2018/2019

The Committee considered its work programme for the 2018/2019 municipal year. In particular Members looked at the items to be covered at the 31 January 2019 and 18 April 2019 meetings of the Committee.

RESOLVED: That the Work Programme 2018/2019 be noted.
(Joint Head of Corporate Governance and Monitoring Officer)
