

AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 25 JANUARY 2018

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AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 25 JANUARY 2018

Present:

Councillor G Morley(In the Chair)

Councillor B Barnes
“ A Garrett
“ D Skinner

Councillor M Thacker
“ S J Ellis

Also Present:

D Clarke - Assistant Director – Finance, Revenues and Benefits
R Gadsby - Governance Officer
T Crawley - KPMG
J Williams - Head of Internal Audit

490 Apologies for Absence

Apologies for absence had been received from Councillors C Smith and G Butler.

491 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 this meeting.

492 Minutes of Last Meeting

RESOLVED – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 16 November 2017 be approved as a correct and accurate record and signed by the Chair.

493 Report of the External Auditor

KPMG External Audit Plan 2017/18

The Committee considered the report of the External Auditor on the External Audit Plan 2017/18. The Plan detailed Materiality, Significant Risks and Value for Money Arrangements. The Committee were advised that the Audit has two key objectives the first being financial statements to provide an opinion on the Council's accounts and secondly looking at efficiency and effectiveness in the use of resources. In

relation to page 9 of the report Members queried the process of auditing the departure of Directors and it was noted that the process would potentially involve speaking to the two departed Directors. It was reported that this issue would be looked at shortly and feedback given to the next meeting. Members also noted that in order to provide value for money the Council should look at different ways to raise income in addition to meeting savings targets in light of decreasing levels of funding from central government. The Chair noted that a fair and equitable system should be used throughout the authority for dealing with staff who are displaced as a result of restructures.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee note the External Audit Plan 2017/18.

494 Reports of the Internal Audit Consortium

a) Internal Audit Consortium Summary of Progress on the Annual Internal Audit Plan 2017/18

The Head of Internal Audit presented a report advising Members of progress made by the Audit Consortium in respect to the 2017/18 Internal Audit Plan. The Committee were advised that there were no issues arising in the reports relating to fraud that need to be brought to the Committee's attention. Internal Audit Reports issued from November 2017 to the beginning of January 2018 show either substantial or reasonable levels of assurance.

Members discussed their concerns over the Taxi Licencing Policy as well as the number of licencing meetings and licencing sub-meetings that have been scheduled for the ensuing year. Councillor Ellis asked for these concerns to be recorded in the minutes and asked that comments made by Members be recorded into future minutes of the Audit and Corporate Governance Scrutiny Committee.

b) CIPFA Fraud and Corruption Tracker Survey 2017.

The key findings of the 2017 CIPFA Fraud and Corruption Tracker included:

- An estimated 75,000 frauds had been detected or prevented across local authorities in 2016 with a total value of £336.2m.
- The number of fraud cases investigated or prevented dropped in 2017. However the average value per fraud increased from £3,400 to £4,500.
- Procurement, Adult Social Care and Council Tax single person discount are perceived as the three greatest fraud risk areas.
- Adult social care fraud has shown the largest growth in the past year, with an estimated £5.6m investigated compared with £3.0m in 2016.
- The highest number of investigations related to council tax fraud.
- Cybercrime also poses a growing challenge to local authorities. The Committee were advised that the Council takes the risks of fraud very seriously and has a range of measures in place to reduce the risk of

fraud occurring. Members felt that safeguards should be in place to prevent fraud within adult social care. However it was noted that this was a County issue and that front line staff in North East Derbyshire District Council have received safeguarding training. It was noted that new processes have reduced the amount of fraudulent single person discount claims and that similar approaches have now been taken by other local authorities.

c) NFI Progress Report 2016/17.

The Head of Internal Audit presented a report outlining the summary of the results of the 2016/17 National Fraud Initiative. Local authorities are required to supply various data sets which they process and match with other local authorities and participating organisations to highlight potential cases for further investigation. 774 cases have been reviewed out of a total of 1668 data matches. No cases of fraud have been identified but 12 areas were noted. The risk of missing a large amount of fraud is minimal.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee note the reports of the Internal Audit Consortium.

495 Reports of the Assistant Director – Finance, Revenues and Benefits

a) Key Issues of Financial Governance.

The Committee considered a report of the Chief Financial Officer. The purpose of the report is to track progress concerning the implementation of previous recommendations from both External and Internal Audit in relation to aged debt reporting and sundry debtors. Members queried why average debt figures appear to be decreasing. The Assistant Director, Finance, Revenues and Benefits agreed to look into these figures and provide an update to the Committee. It was noted that universal credit may impact the Council's debt provision as this is paid to the tenant rather than direct to the landlord.

Councillor Ellis asked that the Council investigate using incentives for paying rent via direct debit and expressed concern about the level of provision of doubtful debt and officers agreed to note the concerns raised.

b) Medium Term Financial Plan 2018/19 – 2021/22.

The Audit and Corporate Governance Scrutiny Committee considered a report of the Assistant Director, Finance, Revenues and Benefits concerning the Medium Term Financial Plan 2018/19 – 2021/22. It was noted that the General Fund summary in Appendix 1 did not provide final figures. Members raised the point that reference to “council tax requirements” be changed in future reports as this was misleading and that the Committee look more closely at some of the lines within the accounts.

The KPMG Director advised the Chair that it was beneficial to sum up actions after each item and at the end of the meeting. Members queried the cost associated with partnership working and it was noted that this could be discussed in a future meeting with the officer present.

RESOLVED – That

- a) The Audit and Corporate Governance Scrutiny Committee note the reports of the Assistant Director – Finance, Revenues and Benefits.
- b) The Strategic Partnership Co-ordinator be invited to a future meeting of the Audit and Corporate Governance Scrutiny Committee to explain the figures in the accounts in relation to activities undertaken by the Partnership Team.

(Assistant Director – Finance, Revenues and Benefits)

496 Urgent Business

Corporate Plan Targets Performance Update Quarter 3 October to December 2017

The Chair agreed that the Corporate Plan Targets Performance Update Quarter 3 October to December 2017 be considered as urgent business. The reason for urgency was to allow the Audit and Corporate Governance Scrutiny Committee to comment on the update before going to Cabinet for approval.

The Information, Engagement and Performance Manager outlined the report and the Committee were advised that of the 56 targets 40 (70%) are on track, 1 (2%) achieved and 9 (16%) have been achieved previously. 4 (8%) have been flagged as alerts and 2 (4%) withdrawn previously.

Members expressed disappointment regarding the progress of bringing empty properties back into use and asked that the relevant officer be invited to a future Committee to outline progress in relation to C13 Support the Growth in Membership of the Chesterfield and North East Derbyshire Credit Union by 230 new North East Derbyshire residents per year.

The Committee asked that the relevant officer be invited to a future meeting to outline the underperformance in regard to this Corporate Plan target. Members noted concern over the revised timescale of the Thriving Families initiative.

RESOLVED: That

- a) The Strategic Partnership Co-ordinator be invited to a future meeting to provide an update on the Derbyshire Thriving Families Initiative and Chesterfield and North East Derbyshire Credit Union in relation to the Corporate Plan targets.

- b) That the Housing Strategy and Growth Manager be invited to a future meeting to provide an update on Corporate Plan targets G12, G13 and G14.
- c) That the report be noted.

(Assistant Director – Finance, Revenues and Benefits)
