

Minutes

Audit and Governance Committee

Venue:	Committee Room
Date:	Wednesday 27 September 2017
Time:	5.00 pm
Present:	Councillors M Jordan (Chair), K Arthur, Mrs J Chilvers, B Marshall, Mrs M McCartney, D Peart (sub for I Reynolds) and B Sage.
Apologies:	Councillor I Reynolds (substitute D Peart).
Officers present:	Karen Iveson, Chief Finance Officer (s151); Gillian Marshall, Solicitor to the Council (for minute item 21), Gavin Barker, Manager, Mazars LLP; Phil Jeffrey, Audit Manager, Veritau; Jonathan Dodsworth, Counter Fraud Manager, Veritau; and Alice Courtney, Democratic Services Officer.
Others:	Councillor C Lunn.
Public:	0
Press:	0

15. DISCLOSURES OF INTEREST

There were no disclosures of interest.

16. MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 26 July 2017.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 26 July 2017.

17. CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

The Chair welcomed members of the Committee, Officers and Executive member Councillor Lunn to the meeting.

The Chair also notified the Committee that, as Chair of the Audit and Governance Committee, he had attended a training session in York. He reported that the training session was very useful and that he learnt a lot and had the opportunity to share ideas with Councillors from other authorities.

18. AUDIT ACTION LOG

The Committee reviewed the Audit Action Log.

The Chair questioned whether the items marked as 'completed' on the Action Log would be removed from the document. The Democratic Services Officer confirmed that these items remained on the Action Log until they had been noted by the Committee at one meeting, to ensure that there was a record of the completed actions. The Democratic Services Officer informed the Committee that the completed actions would be removed from the Action Log after the meeting.

RESOLVED:

To note the Audit Action Log.

19. AUDIT AND GOVERNANCE WORK PROGRAMME

The Committee considered the current Committee work programme.

The Chair stated that the Chief Finance Officer had highlighted that it had been some time since the Committee had met with the external auditors without officers. It was suggested that a meeting take place between the Committee and the external auditors prior to the Committee meeting in January, at 4.30pm; this would be instead of the usual training/briefing session prior to the meeting.

RESOLVED:

- i. To note the Work Programme.**
- ii. To add to the Work Programme a meeting between the Committee and the external auditors, without officers, to take place prior to the Committee meeting in January, at 4.30pm.**

20. INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT (A/17/14)

The Audit Manager, Veritau, presented the report and highlighted that an appendix had been added to the report that covered counter fraud, which had

been a separate report in the previous year. The Audit Manager, Veritau also pointed out that bullet point 4.1 on page 18 of the agenda summarised the current progress of the internal audit.

The Audit Manager, Veritau drew the Committee's attention to page 25 of the agenda pack, stating that this section of the report demonstrated progress against key agreed actions in relation to internal audits previously reported on.

In relation to the counter fraud aspect of the report, the Counter Fraud Manager, Veritau highlighted that the table on page 33 of the agenda showed that over £10,000 in Council savings had been achieved through fraud investigation. The Committee was also informed that there had been no serious fraud incidents to date.

The Counter Fraud Manager, Veritau also pointed out that there had been a number of successful prosecutions in relation to fraud within Selby District. It was highlighted that some of the prosecutions related to Housing Fraud, where Council properties that had been illegally sub-let had been raided, and that officers were looking at what further action could be taken.

In relation to internal fraud referrals, the Committee was informed that there had been no referrals for this area however counter fraud officers would continue to look at disabled badge fraud.

The Committee congratulated officers on their work in identifying fraudulent activity, and asked officers if the process of how to report suspected fraud was publicised. In response to this, the Counter Fraud Manager, Veritau stated that a press release had been issued on how to report suspected fraud, and that referrals from the public were received, but that routine updates to the public that related to individual cases did not occur due to confidentiality issues.

It was queried whether Council envelopes still had the contact details to report suspected fraud on them, as this would help raise public awareness of how fraud could be reported. The Chief Finance Officer stated that this could be looked into, and officers from Veritau stated that they could speak to officers in Council Tax to see what could be done.

It was noted that, in relation to a question at the previous Committee meeting about empty Council properties following the death of a tenant, verbal reports from officers highlighted that the death of a tenant was not always reported, which meant that the tenancy continued fraudulently. The Chief Finance Officer suggested that officers could consider how births and deaths information could be shared with officers so that the fraudulent continuation of tenancies could be avoided.

The Committee noted that it was happy with the content of the report.

RESOLVED:

- i. To note the report.**

- ii. **To ask the Chief Finance Officer and officers from Veritau to look into printing details of how to report fraud on Council envelopes.**
- iii. **To ask the Chief Finance Officer to consider how births and deaths information could be shared with officers to prevent the fraudulent continuation of Council tenancies following the death of a tenant.**

21. EXTERNAL ANNUAL AUDIT LETTER (A/17/15)

The Manager, Mazars LLP presented the report and highlighted that the External Annual Audit Letter was a formal report on the outcome of the external audit, and that most of the content in the letter had been presented to the Committee at the previous meeting in July.

The Committee was notified that the outcome of the external audit of the Council was positive, and that no issues arose from the work of Mazars LLP. The Manager, Mazars LLP informed the Committee that the commentary showed the Council had positive arrangements in place to ensure value for money.

In relation to fees, the Manager, Mazars LLP noted that the fees for the external audit work remained exactly the same this financial year as they were in the 2016/17 financial year.

It was also noted that, for transparency reasons, Mazars LLP reported that it had carried out an independent examination of Selby and District Housing Trust, which is not part of the Council, but the Council is represented on the Board. It was also noted by the Committee that the Council did not pay the fee for Selby and District Housing Trust.

The Manager, Mazars LLP highlighted the future challenges to the Council, and stated that he looked forward to working with the Council over the coming years.

The Chair questioned what the key emerging challenges were for the Council, and the Manager, Mazars LLP stated that key issues would include:

- Growth, in terms of business brought into the District, increased number of homes built and increased influx of residents into the District.
- Brexit, due to the speculation about what Brexit would mean for the Council, and the nation.
- Issues around health and social care, which would remain a key challenge faced by the entire public sector, due to uncertainty over future funding.

The Committee raised questions about the future funding of local authorities, and the Manager, Mazars LLP responded, stating that there was uncertainty at present due to the amount of speculation there was about the emerging key challenges.

The Chair endorsed the work of the external auditors, Mazars LLP, and the Committee noted the report.

RESOLVED:

To note the External Annual Audit Letter.

22. EXTERNAL AUDIT PROGRESS REPORT (A/17/16)

The Manager, Mazars LLP presented the report and explained that the external audit for the 2016/17 financial year had been completed, and that the 2017/18 external audit work had started.

The Manager, Mazars LLP drew the attention of the Committee to point 4 on page 60 of the agenda, which related to the national procurement of audit contracts for local government and related bodies. It was highlighted that Mazars LLP had increased its market share of this work from 6% to 18%, and the Manager, Mazars LLP stated that the key challenge for the company was to continue to deliver high quality standards alongside the fee reduction.

It was pointed out to the Committee that the work of Mazars LLP was monitored by an external body, and that the company had maintained high quality standards while part of the current audit framework. The Manager, Mazars LLP explained that the table on page 62 of the agenda indicated the continued high standards of the company, as Mazars LLP was the only company that had remained on 'Green' across the 3 years.

In response to a query relating to managing the increase in workload, the Manager, Mazars LLP stated that the company would hire more staff to manage the increased amount of work.

The Committee queried whether the auditors had looked at cyber security, as cyber-crime was increasingly common, and often overlooked. The Chair stated that the Chief Finance Officer and officers had been looking at cyber security.

The scale of the homelessness problem in Selby District was questioned by the Committee, and the Manager, Mazars LLP pointed out that this was a national issue. The Chief Finance Officer highlighted that Selby District Council had put a lot of resource into prevention, and informed the Committee that more information on this matter was available in the annual report.

RESOLVED:

To note the report.

23. LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW LETTER (A/17/17)

The Solicitor to the Council presented the report and informed the Committee that the Local Government Ombudsman had changed its name to the Local Government and Social Care Ombudsman.

The Solicitor to the Council highlighted that the Ombudsman formed the third stage of the internal complaints procedure, and an individual could only refer a complaint to the Ombudsman once they had exhausted the internal complaints procedure.

The Committee was informed that 13 complaints/enquiries were received in the year 2016/17, and that 15 decisions were made. It was pointed out that more decisions were made than complaints received as some complaints were held from the previous year.

It was noted that a number of complaints were referred back to the Council as the complainant had not exhausted the Council's internal complaints procedure before writing to the Ombudsman.

The Committee was advised that the letter was for noting, but the Solicitor to the Council pointed out that the Committee could ask the Overview and Scrutiny Committee to look at any issues that the Audit and Governance Committee felt were relevant.

The Solicitor to the Council explained that any complaints submitted to the Ombudsman were taken with the upmost seriousness and that some training sessions for officers would be arranged around the complaints process. It was noted that one of the sessions would be solely for planning officers due to the higher number of complaints that the Planning section received, and that there would be a separate general training session for other officers – both sessions would be delivered by the Ombudsman.

It was highlighted that the complaints received in relation to Planning were received before the recent planning service review, and that a reduction in complaints was expected in the time period that followed.

In response to questions from the Committee, the Solicitor to the Council confirmed that the aim of the Ombudsman was to put the complainant back in their original position before any maladministration had occurred, and that monetary payment was not normally involved.

The Chair questioned how this letter compared to the complaints received in the previous year, and the Solicitor to the Council stated that there had been a slight improvement, in that the number of complaints received had decreased.

The Solicitor to the Council also emphasised that the upheld complaints were considered the most significant type of complaint.

The Solicitor to the Council informed the Committee that she was aware of one ongoing Ombudsman investigation related to planning, and at the request of the Committee, agreed to circulate information on Stage 1 complaints to Committee members.

It was also brought to the Committee's attention that the complaints procedure had been amended, and as a result the timescale for responding to a complaint had been changed. The Committee was assured that the complaints process was operating effectively and that a number of complaints were resolved at Stage 1.

The Chair stated that he wanted there to be improvement on planning complaints, and the Committee noted the report.

RESOLVED:

- i. To note the Local Government and Social Care Ombudsman Annual Review Letter.**
- ii. To ask the Solicitor to the Council to circulate further information on Stage 1 complaints to the Committee.**

24. PRIVATE SESSION

It was proposed, and seconded, that the Committee sit in private session due to the nature of business to be transacted.

RESOLVED:

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of the business to be transacted the meeting be not open to the press and public during discussion of the following items as there will be disclosure of exempt information as described in paragraph 3 of Schedule 12(A) of the Act.

25. STANDARDS INVESTIGATION (A/17/18)

The Committee received the report, which was presented by the Solicitor to the Council, who informed the Committee that there was an investigation underway, and under the new standards arrangements, the Committee was required to appoint three Committee members to sit on the Standards Sub-Committee which would deal with the complaint.

The Committee agreed that the Councillors Marshall, Sage and Reynolds would sit on the Standards Sub-Committee.

RESOLVED:

- I. **To receive the update report.**
- II. **To appoint Councillors Marshall, Sage and Reynolds to sit on the Standards Sub-Committee.**

The meeting closed at 5.52pm.