

AUDIT COMMITTEE

WEDNESDAY, 13TH SEPTEMBER, 2017

Present: **Councillors:**

Cllr Nick Sharman in the Chair
Cllr Brian Bell (Vice-Chair),
Cllr Robert Chapman, Cllr Carole Williams

Officers: Ian Williams, Michael Honeysett,
Michael Sheffield, Julie Sharp, Matt Powell,
Bruce DeVile

1 Apologies for absence

1.1. Apologies for absence were submitted on behalf of Councillor Sem Moema and Councillor Michelle Gregory.

2. Declarations of Interest

2.1 There were no declarations of interest.

3 Minutes of previous meetings

3.1 The minutes of the previous meetings held on 26th June and 25th July were agreed as a correct record.

4 Treasury Management Update Report

4.1 Michael Honeysett introduced the report providing an update on Treasury management activities for the reported period June 2017 to August 2017, enabling the Committee to monitor treasury activity throughout the financial year. The Council currently had just a £3.4m LEEF loan from the European Investment Bank to fund housing regeneration, having repaid the short term borrowing that was required to cash flow the purchase of the Morning Lane site. He also highlighted the impact of this on the current level of investments which had fallen from £194m to £116m as at 31st August. He told the Committee of the interest received over the period which had increased from £109K to £135k per month for the period June 2017 to August 2017, representing an average rate of 0.83%

4.2 Michael Honeysett also provided an update with regards to the introduction of the second Market in Financial Instruments Directive (MIFID II) with effect from January 2018 and indicated that officers do not believe the Council will have any issues opting up to professional status.

4.3 The Chair emphasised that the Council was moving into a more commercial environment with the associated increase in investment risks.

RESOLVED:

To note the report.

5 Performance Update

5.1 Ian Williams and Bruce Deville introduced the overview report providing an updated set of key performance indicators together with an update on risk management with a Corporate Scorecard (summarising the highest risks to the organisation as a whole) and accompanying commentary on the Council's risk approach. The report also set out the latest capital programme monitoring with enhanced analysis of the variances to the budget.

5.2 The Chair considered this a good step forward for performance overview and that the Committee needed to be reassured that any performance issues are signalled to it. He stressed the need to share performance issues with all Councillors. Councillor Rob Chapman highlighted that the indicators relating to housing repairs were showing as red in the report and asked what steps were being taken to rectify any difficulties. Ian Williams told the Committee that Kim Wright would be attending the next meeting of the Committee and would provide an update on housing repairs.

5.3 The Committee expressed its concern at the high numbers of households living in temporary accommodation in the Borough. Ian Williams told the Committee that a suite of measures were in place to mitigate against homelessness and would prepare a briefing note for members on this with a report back to the next meeting of the Committee.

ACTION: Ian Williams

The Committee further noted the increase in the time it took to process Housing Benefits new claims and wished to know how this compared to other areas. In response to a question from Councillor Chapman about the possible impact of a reduction in house prices in the Borough Ian Williams told the Committee that this could impact on income streams, particularly where capital schemes were relying on resale of private residential units for financing, which presented new risks for the Council.

5.4 Bruce Deville emphasised that work was ongoing on building more accurate measurements of performance. He reported that Member complaints would be fast tracked. The Chair was advised that the relevant senior officers from Neighbourhoods & Housing would be attending the next Committee meeting to present their risk register and would be available to talk about some identified performance issues as follows:

- Missed repairs appointments
- Repairs completed on the first visit
- Number of days to re-let void properties
- Length of time taken to complete local authority searches during house sales
- Impact on the transformation plan

5.5 It was noted that the Corporate Risk Register, with actions, would be submitted to the next meeting of the Committee in January.

ACTION: Ian Williams

RESOLVED:

(1) To note the performance indicators presented at Appendix 1 and the Risk Management Scorecard at Appendix 2 to the report.

(2) To note the current capital monitoring update at Appendix 3 to the report.

6 Audit & Anti-Fraud Quarterly Progress Report

6.1 Michael Sheffield introduced the report outlining the performance of the Audit and Anti-Fraud Service up to the end of August 2017, giving assurance that the service was being delivered to meet statutory responsibilities. The report covered the areas of work undertaken and information on current developments in Internal Audit and Anti-Fraud, together with statistical information about the work of the investigations teams. In relation to ensuring the service provided Value for Money, Michael Sheffield told the Committee that 31% was complete or in progress by 31 August 2017. He told the Committee that the Council's target for 2017/18 was that 90% of 'High' priority recommendations should be implemented in accordance with the agreed timescale. The implementation rate currently stood at 92% fully implemented by the agreed implementation date, with a further 5% partially implemented. He went on to report savings of nearly £1.9m from investigations for the reporting period.

6.2 There has been a drop in the number of properties recovered following investigation for tenancy fraud when compared to the same position last year. There were a number of reasons for this, including two current vacancies on the team which were in the process of being recruited to. While every effort was being made to return to previous levels of achievement, it was likely that the year-end recoveries would be lower than last year. The Investigations Team would be encouraging the Housing Department to report any concerns on tenancy fraud.

6.3 Councillor Brian Bell asked if the over claiming referred at page 72 of the report was against an existing contractor and whether criminal proceedings were underway. Michael Sheffield advised that the contractor was no longer working for the Council and that the investigation was ongoing. The Chair emphasised the need to closely supervise building contracts.

6.4 The Committee congratulated officers for very good work carried out on audit and anti-fraud.

RESOLVED:

To note Audit and Anti Fraud's progress and performance to August 2017.

7 Annual Report on Risk Management 2016/17

7.1 Matt Powell introduced the report informing members of the areas of work undertaken by the Corporate Risk Management Services during 2016/17 together with plans for the future.

7.2 The Chair raised the question of risk in the area of regeneration in the Borough and it was agreed that Stephen Haynes and Councillor Guy Nicholson be invited to the next meeting of the Committee to discuss this.

ACTION: Ian Williams

7.3 The Chair reported that there had been a recent CIPFA training session on risk and plans for the future and that it would be beneficial to hold a further session, especially for any new members on the Committee next year, on issues such as how the Committee oversees corporate risk in the Council. He further reported that CIPFA was updating its guidance on the role of Audit Committees. Ian Williams agreed to liaise with CIPFA to arrange a further training session for members. The Chair and Ian Williams agreed to work together on the content of the session.

ACTION: Ian Williams

7.4 The Committee noted that it was hoped to issue the certificate by the end of September.

RESOLVED:

To note the report of the Corporate Risk Management Service's outcomes for 2016/17.

8 Work Programme

RESOLVED:

To note the work plan and that the Annual report on the work of the Audit Committee be included.

9 Any other business that in the opinion of the Chair is urgent

9.1 There was no urgent business.

Duration of the meeting: 6:30 to 8:00 pm

Wednesday, 13th September, 2017

Chair at the meeting on

Wednesday, 13 September 2017