

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 25 July 2011

PRESENT: Councillor Duncan (Chair); Councillor Larratt (Deputy Chair); Councillors Beardsworth, Gowen, Nunn, Patel, Subbarayan and Eldred

1. APOLGIES

An apology for absence was received by Councillor Larratt, Councillor Eldred substituted.

2. MINUTES

The Minutes of the meeting held on 27 June 2011 were confirmed and signed by the Chair as a true record.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

There were none.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. COUNCILLOR ALLOWANCE & EXPENSES

The Committee received a report from Cassie Triggs, Democratic and Chief Executive Services Manger on the outcome of a review conducted by Management Board on Councillor Allowances and Expenses.

The main points of discussion were:-

- The previous Audit Committee had requested an investigation into the administration costs of the Councillor expenses scheme.
- Most Councillors had not made expenses claims and the average level of the claims made were low.
- Introducing a flat rate payment scheme would be more expensive.
- Management Board decided to retain the current scheme and to introduce clarification of the scheme. This was included in the Councillor Induction pack and the Councillor web pages. Councillors would receive regular updates and reminders about the expenses claims procedures.

It was therefore **RESOLVED** that the review be noted.

7. NORTHAMPTON BOROUGH COUNCIL PARTNERSHIP PROTOCOL

The Committee received a report from Cassie Triggs concerning the partnership protocol that was adopted by the authority in May 2011.

The main points of the discussion were:-

- The Partnership Protocol was launched in May 2011.
- The Protocol establishes minimum standards of governance and management to be followed by partnerships in order to satisfy the Council that the partnerships are being well run and are delivering benefit to the authority.
- The Protocol is available on the website.
- Partnerships now have to be registered and all Service Plans require an annual review of partnerships
- In the near future all Partnerships will be administered by the Partnerships Director.

It was therefore **RESOLVED** that the report be noted.

8. RISK MANAGEMENT OVERVIEW

The Committee received a report from Sue Morrell, Corporate Risk and Business Continuity Manager, giving an overview of Risk Management

The main points of discussion were:-

- Risk is managed at several different levels within the Council. Strategic risks are managed by Management Board, Service risks are managed within service teams and Project and operational risk is reviewed by project managers.
- The same principles to managing risks apply to all levels of risk management throughout the Council.
- Risk assessments can be subjective and therefore not wholly consistent. However work is being undertaken on a strategic scorecard, which will assist in providing examples of different risk levels.
- Recently the Council has revised its Risk Appetite up to 16. This is in response to the current economic climate and innovative approaches taken by the Council. Innovative approaches include the creation of the Leisure Trust and the delivery of Environmental Services in partnership with other Councils.
- Councillors were not involved in the decision to increase risk appetite, but Cabinet will confirm the overall revision of the Risk Management Strategy.
- The Strategic Risk register has been updated.
- Work has been ongoing on Corporate Business Continuity – which will be considered at a future meeting.
- All services now have continuity plans for all critical functions. A wider range of officers are now involved in undertaking risk assessments for their service.

It was **RESOLVED** that the Corporate Risk and Business Continuity Manager be thanked for her report.

9. ANTI-FRAUD ANNUAL REPORT

The Committee considered the Anti Fraud Annual Report from Matthew Steele Benefits and Fraud Manager.

The main points of discussion were:-

- Benefits caseload is currently at its highest level for 5 years.
- There is a proposal by Central Government to amalgamate local Authority investigators with those from Her Majesty's Revenue and Customs (HMRC), Department of Work and Pensions (DWP). There is no confirmed timetable for this,

but it is anticipated that changes will commence in 2013. Discussions are still underway on which agency will undertake the administration.

- If investigation work is lost from the authority that might have an impact in other work that the investigations team undertakes on housing tenancy investigations and misconduct.
- Sanctions are determined in accordance with Home Office guidance. Cautions are similar to Police cautions but administered by the Borough Council. Administrative penalties are a fine and repayment of the overpayment, this is offered as an alternative to attending court.
- With the significant increase in the Housing Benefit caseload targets have had to be set at realistic levels.
- Investigators have taken on the work of internal Human Resources investigations and these are now being cleared much more quickly. This has led to a reduction in suspension costs.
- There have also been some investigations into illegal sub letting with Housing officers. It is hoped that that can be expanded as it can release much needed property back within that available to let.
- External partners were bought in last year to review the uptake of Council Tax single person discounts (SPD'S), funded by the Northamptonshire improvement and efficiency partnership (NIEP). Now that all SPD's have been reviewed, an in house process will be developed to continue to review SPD's on a regular basis.
- Costs of investigation will vary according to each case. Wherever possible prosecutions are carried out with partners.

RESOLVED that the report be noted.

10. TREASURY MANAGEMENT OUTTURN 2010/11

The Committee received a report from Rebecca Smith, Assistant Head of Finance on the Treasury Management Outturn 2010-11.

The main points of discussion were:-

- The Treasury Management Outturn report is a Statutory report with a requirement that it is scrutinised by a designated Committee. Audit is the designated Committee for NBC. Cabinet and Council will also consider the report.
- Long term borrowing remains below the affordable borrowing limit.
- Investment Rates achieved have been higher than the average LIBID rates.

RESOLVED that the report be noted with no comments for onward transmission to Cabinet.

11. ANNUAL GOVERNANCE STATEMENT 2010/11 CONSULTATION

The Committee considered a report from Rebecca Smith, Assistant Head of Finance on the consultation on the 2010/11 Annual Governance Statement.

The main points of discussion were;-

- Comments on the Statement can be submitted until the end of August 2011.

The statement covers

- The Governance Framework including links to the Corporate Plan 2011-14 and the

Partnership Protocol.

- Roles and Functions of Members to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability.

A Review of Effectiveness is also included which this year included a review of the Constitution, along with annual reports such as that from Overview and Scrutiny.

An outline of significant Governance issues.

Members asked whether there was any profile on how long debts had been outstanding. They were advised that there wasn't but that there had recently been work which focussed on the total indebtedness of individuals. The Council's main debtors are for Council Tax, business rates, Council rents and housing benefits.

The Chair commented that he considered that the Audit Committee should keep a check on progress to recover or write off bad debts from the past.

An update on value for money arrangements would be brought to a future meeting.

RESOLVED (1) that the Assistant Head of Finance be thanked for the report and the report be noted.

(2) That the report be recirculated once complete for final comments before 31 August.

(3) That the final approved report be circulated to all members.

12. INTERNAL AUDIT UPDATE

The Committee considered a report on the internal audit progress.

The main points of discussion were:-

- All recommendations of the 2009/10 Audit Plan have been implemented.
- There are 14 recommendations outstanding from 2010/11; none of these are overdue for action.
- Work has been progressing according to plan with the 2011/12 Internal Audit Plan.

RESOLVED that the report be noted.

13. EXTERNAL AUDIT UPDATE

Neil Bailey submitted a report, which provided an update on the progress of the external audit.

The main points of discussion were as follows:-

- Main Focus has been on the production of financial statements. These are now complete.
- Account reporting is essentially complete and on target to report in September and produce the Annual Governance report.
- Routine testing of financial systems has been on going and there have been no significant areas of concern identified.
- The final Internal Audit report has now been received and will be reviewed.
- The Value for Money statement was reaching its conclusion. Nothing of significance is to be reported.
- The Audit Commission has now confirmed that it will be rebating a further 8% of fees in 2011/12.
- The outcome of consultation in the future of public audit is still awaited. Confirmation on plans to put the Audit Commission out to competition was awaited in the next week. There are no implementation timetables yet available.

RESOLVED that the report be noted.

The meeting concluded at 7:25 pm