



AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 16th January, 2019 at 6.30 pm

PRESENT

MEMBERS

Councillor Paul Campbell, In the Chair.

Councillors J Greenwood (Vice-Chair), S Graham, A Kelly, A Royle and A Tatchell

OFFICERS

Catherine Waudby	– Head of Legal and Democratic Services
Ian Evenett	– Internal Audit Manager
Imelda Grady	– Democracy Officer

CO-OPTED MEMBERS

Louise Gaskell
Paul Prior
Councillor Kathryn
Haworth
Councillor Gill Smith

EXTERNAL AUDITORS

Marianne Dixon	– Grant Thornton - External Auditors
Mark Heap	– Grant Thornton – External Auditors

20. Minutes

The Minutes of the meeting held on 19th September 2018 were approved as a correct record and signed by the Chair.

21. Complaint against a Member under the Council's Code of Conduct.

Members received the decision of the Audit and Standards Sub Committee in relation to the conduct of Councillor Alan Hosker and the sanctions that had been imposed by the Hearing

Panel. The Committee noted that Councillor Hosker had failed to comply with the sanctions imposed by the Hearing Panel.

Members expressed their concerns at Councillor Hosker's blatant disregard of the Hearing Panel's recommendations and the Council's Code of Conduct which he had signed up to.

Members agreed that the sanctions available for breaches of the Code of Conduct were inadequate and requested that the Chair of the Hearing Panel, Councillor Anne Kelly, write to the Minister of Housing, Communities and Local Government on this matter.

The Head of Legal and Democracy said that it was her intention to review the Code of Conduct and would report back on any amendments that might be required.

The Chair thanked Councillor Kelly for taking the chair at Hearing Panel.

RESOLVED

- (1) That the decision of the Hearing Panel and the subsequent refusal and failure of Councillor Hosker to comply with the sanctions imposed at the Hearing Panel be noted;
- (2) That the limited sanctions available to the Hearing Panel when dealing with Code of Conduct matters, and the inability to impose any additional restrictions to deal with non-compliance, be noted; and
- (3) That the Chair of the Hearing Panel Councillor Anne Kelly, be instructed to write to the Minister of Housing, Communities and Local Government to advise him that the sanctions available for Councillors who fail to comply with the Code of Conduct are inadequate.

22. External Audit Progress Report

Mark Heap from the external auditors Grant Thornton presented the audit progress report for the year ending 31st March 2019.

The report detailed the progress of the audit as at 9th January 2019 including the planning phase of the audit, the value for money conclusion and other areas of work and key milestones in order for the Council to meet the audit deadline of July 2019.

Members also noted the links to a digest of publications and topical issues relating to audit matters.

IT WAS AGREED

That the report be noted.

23. The External Auditors Certification Letter

Marianne Dixon from the external auditors Grant Thornton presented the certification letter for the Council's Housing Benefit subsidy claim for the year ending 31st March 2019.

The letter highlighted a number of errors that the external auditors were obliged to report to Council by the end of January 2019.

Marianne advised that the external auditors' initial testing had identified one error and under the Housing Benefit COUNT approach they had been required to carry out additional testing on this and on errors that had been identified in the previous year. She said this was a complex area and further explained the classification of overpayments, some of which were local authority errors and some claimant errors. She said that the financial impact of these errors was relatively insignificant to the total subsidy received and the claim had therefore been qualified and submitted to the Department of Work and Pensions.

The Internal Audit Manager said that the Head of Finance and Property was liaising with the Council's partner Liberata to strengthen benefit assessments processes and reduce errors.

IT WAS AGREED

That the letter be received.

24. The Draft Audit Plan 2018/19

Mark Heap from the external auditors presented the draft Audit Plan for 2018/19 which provided an overview of the planned scope and timing of the statutory audit for Burnley Council for those charged with governance.

Mark explained that the approach to audit was always risk based and the significant risks were largely around those areas with the highest figures, such as pensions and valuations of land and buildings. The materiality concept was £1.2 million, any errors above this would affect the qualification. The value for money element was also risk based around financial sustainability and making sure the arrangements for major capital schemes were appropriate.

The external auditors were satisfied that if the plans identified in the report were implemented, the audit completion deadline of July 2019 would be met.

IT WAS AGREED

That the report be noted.

25. Final Accounts 2018/19 Arrangements

Members received an update on the arrangements made to date and the implications of the changes required ahead of the closure of accounts and the production of the Statement of Accounts.

The 2018/19 accounts would be produced under the Code of Practice on Local Authority Accounting in the UK. The report detailed the changes affecting the Council and the preparations that the Council was making for the closure of the 2018/19 accounts.

Members were asked to approved the policies to the followed in producing the Statement of Accounts and to agree a date for a final accounts workshop which would be made available to all members.

IT WAS AGREED

- (1) That the arrangements the Council is making in advance of the closure of accounts be noted;
- (2) That the accounting policies to be followed in producing the Statement of Accounts as shown in Appendix 1 to the report be approved; and
- (3) The date of the final accounts workshop be agreed as 15th July 2019.

26. Annual Governance Statement Arrangements 2018/19

Members gave consideration to the proposed arrangements to provide assurance for the Annual Governance Statement for the financial year 2018/19.

The Statement would be in the same format as previous years and would be in line with CIPFA (Chartered Institute for Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives) guidelines.

The Internal Audit Manager explained that all Heads of Service were consulted on their controls and to declare any signs of variance of weaknesses to the governance and control systems. The Executive and Chair of Committees were also asked to verify that they had no concerns regarding the governance arrangements throughout the year. Liberata had also been requested to provide an assurance statement for those services that had been transferred out.

IT WAS AGREED

That the report be noted.

27. Internal Audit 2018/19 Quarter 2 Progress Report

Members received for information details of the work undertaken by Internal Audit for the period 1st July to 30th September 2018 and received the Internal Audit Plan for 2018/19.

Members discussed the staffing resource in the Audit Team and recognised that this and the work associated with embedding the General Data Protection Regulations had impacted on the timing of the Audit Plan.

IT WAS AGREED

That the report be noted and the Internal Audit Plan 2018/19 be approved.

28. Fraud Risk Assessment

Members considered a report on the current trends that affected the public sector and the Council's arrangements to deal with them.

The Council's Audit and Standards Committee is charged with monitoring the arrangements for the fight against fraud and corruption and the Committee was satisfied with management's reaction.

Members discussed the level of recovery for housing benefit and council tax fraud and were informed that the Council had a range of powers to recover money and all efforts were made to do so, but there was a degree of write off in some instances.

IT WAS AGREED

That the report be noted.

29. Strategic Risk Register 2018/19 Report

The Internal Audit Manager updated members on the current Strategic Risk Register which had been approved by the Council's Executive in August 2018.

The register recorded twelve main risks and detailed the actions that the Council had in place to control those risks.

Members asked about the increase in risk from 2 to 3 in relation to workforce skills and capacity. The Internal Audit Manager explained that his was due to a loss of experienced staff over time and the need to make savings. Councillor Graham said that the risk in this area had grown significantly because the organisation had been pared down and there was now more dependency on key staff. Louise Gaskell asked what was being done to mitigate this. The Internal Audit Manager said that the Council had Investors in People (IIP) status and the Council's approach coaching and training staff was reflected in this. Councillor Graham confirmed that the Council had a strategic commitment set out in the Organisation Development Strategy.

IT WAS AGREED

That the report be noted.

30. Work Programme

The Work Programme was noted.