

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 27th September 2016

**PRESENT: Councillor Aldred (Chair)
Councillors Bromley, Cheetham, Essex, Oakes, Smith and
Walmsley**

**IN ATTENDANCE: Mr P Seddon, Head of Finance and Property Services
Mr A McGhee, Fraud and Compliance Officer
Ms H Green, Audit Manager, Grant Thornton
Ms K Murray, Engagement Lead, Grant Thornton
Mr C North, Internal Audit Manager, Lancashire County Council
Mrs J Cook, Committee Officer
Ms G Ashton, Committee & Member Services Officer**

**ALSO PRESENT: 3 members of the public
Councillors Lythgoe (start of meeting only) and Marriott**

1. CHAIR'S INTRODUCTION

1.1 The Chair welcomed everyone to the meeting and outlined the housekeeping arrangements.

2. APOLOGIES FOR ABSENCE

2.1 Apologies were received from Councillor Steen (Councillor Cheetham substituting), Councillor Lythgoe (Councillor Oakes substituting) and Mr M Ali (Co-opted Member).

3. MINUTES OF THE MEETING HELD ON 28TH JUNE 2016

Resolved:

The minutes of the meeting held on 28th June 2016 were agreed as a correct record subject to the following amendments.

9.2 amended to read *"The document would be subject to periodic review by the Head of Service – Internal Audit and presented to the County Council's Management Team and Audit and Governance Committee for approval."*

Item 10 to read *"**resolved:** That the internal audit annual report for the year ending 31st March 2016 be noted."*

4. URGENT ITEMS OF BUSINESS

4.1 The Chair confirmed that there were no urgent items of business.

5. DECLARATIONS OF INTEREST

5.1 Councillors Cheetham, Essex, Oakes and Walmsley declared an interest as they were Non-Executive Directors on the Board of Rossendale Transport Limited.

6. PUBLIC QUESTION TIME

6.1 The Chair agreed to deviate from the procedure for public speaking and allow members of public present to ask questions as items on the agenda were presented. Members of the public were permitted to ask questions on items not on the agenda at this point in the meeting.

6.2 Mr Atherton asked how the Council would safeguard its assets regarding the proposed loan against Rosso Bus Company. Mr Seddon advised that a charge would be put on the property and assets of the company. If it failed then the Council would still own the property.

7. CHAIR'S UPDATE

7.1 Grant Thornton had provided a copy of the 'Knowing the Ropes' article which had been circulated to Councillors.

8. ANNUAL FRAUD REPORT 2015/16

8.1 The Fraud and Compliance Officer presented the report which outlined the work undertaken on fraud during 2015/16 and provided details of outcomes and outlined the plans for 2016/17.

8.2 Members and members of the public raised the following issues/questions:-

- The meeting were advised that the Recovery Team would pursue any Council Tax monies once they had been identified by the Fraud and Compliance Officer.
- A member asked how the figures were reconciled with the National Fraud Initiative (NFI). The Fraud and Compliance Officer was involved in the process but it was Lancashire County Council (LCC) who completed the report.
- Item 5.12.2 was referred to which identified potential shortfalls in business rate values. It was confirmed that the Service Assurance Team were currently addressing the issue.
- It was agreed that the work undertaken by the Fraud and Compliance Officer had been worthwhile and the committee should recommend that the post be made permanent. The Chair agreed that the work had been

beneficial and would look favourably on keeping the position.

- Following a question from Mr Atherton regarding the banding of properties, Mr Seddon commented that although the properties were valued in 1991 today's values were still relative to one another.
- Mr Knowles suggested amendments/additions to the report. He asked for assurances that there was no whistleblowing and internal fraud. The Fraud and Compliance Officer agreed to consider the comments for the next report.

RESOLVED:

That the report was noted.

9. QUARTER 1 INTEGRATED REPORT – RISK (APRIL TO JUNE 2016)

9.1 In the absence of the Media and Engagement Officer, members were asked to consider the report which gave an overview of risk management in Quarter 1 (April to June 2016).

9.2 Members and members of the public raised the following issues/questions:-

- It was suggested adding a reporting timeframe to the 'Latest Note' section of the Risk Report.
- It would be useful to inform members what the next action was, by when and by whom.
- Referring to Fraud and Corruption on page 3 of the Risk Report which was showing a low risk, it was felt this needed to be looked at in conjunction with the Annual Fraud Report.
- What was the red risk in the previous quarter? Subsequent to the meeting it was noted that the last red rating was in Quarter 2 of 2015/16 in relation to Risk Code F&PS2 (CR) which was now amber.

RESOLVED:

That subject to the concerns raised regarding the low risk rating for Fraud and Corruption, the report was noted.

10. ROSSENDALE BOROUGH COUNCIL PUBLIC IMPROVEMENT PLAN

10.1 The Head of Finance outlined the report which updated members on the Council's improvement plan and its response to the Empty Homes Internal Audit Report.

10.2 Members and members of the public raised the following issues/questions:-

- Timeframes and those responsible for actions were not included in the report. Members were referred to page 8 of the plan.
- Page 4 of the report referred to the external auditors report; this was an error as it had not been prepared.
- Discussions were taking place with Zurich to deliver Risk Awareness

training for members and officers. This would take place imminently.

- Following a number of issues raised, Mr Seddon referred members to section 3 of the plan which outlined achievements so far. He advised that the first tranche of the housing stock were being transferred to Calico who would find future tenants.
- The plan would be clearer if it showed an action plan outlining the action, timeframe and responsible officer. Mr Seddon agreed to take the comments on board.
- Mr Atherton expressed concerns that the Planning Steering Group meetings took place in private and minutes were not produced. The Chair advised this was outside the remit of this committee.

10.3 Discussions took place as to why the issues which lead to the Empty Homes Project hadn't been highlighted earlier.

RESOLVED:

Subject to the introduction of quarterly update reports, the report was noted and endorsed.

11. INTERNAL AUDIT PROGRESS REPORT

11.1 The Audit Manager (LCC) outlined the Internal Audit Annual Report for the period up to 31st August 2016.

11.2 Members and members of the public raised the following issues/questions:-

- The Chair and Vice Chair of this committee should be advised of any financial whistleblowing cases. They should be reported to the committee in the same way as Standards Complaints. Councillor Marriott advised that this Policy was to be discussed at Overview & Scrutiny (O&S) on 10th October. It was proposed that O&S be made aware of the above but that this committee await their recommendation.
- Timescales for completing recommended actions and following up was discussed.
- Money was owed to the tax payers from non-payment of National Non Domestic Rates (NNDR). Mr Seddon advised this was being taken forward by an external law firm.

RESOLVED:

That the report was noted.

12. INTERNAL AUDIT ACTION PLAN 2016/17

12.1 The Audit Manager (LCC) outlined the report which asked for members' approval of the revised internal audit plan for 2016/17.

12.2 Members and members of the public raised the following issues/questions:-

- It had been some time since O&S had reviewed the disabled facilities grant.
- Were robust procedures in place to capture Council Tax and NNDR? Mr North advised that procedures in relation to NNDR had been agreed and completed. Council Tax was compliant.

RESOLVED:

That the revised Internal Audit Plan for 2016/17 was approved.

13. EXTERNAL AUDIT PROGRESS REPORT

13.1 The External Auditor outlined the progress report. The 2014/15 and 2015/16 accounts were still to be signed off but this was not possible until the HCA confirmed the final grant value in relation to the Empty Homes Scheme.

13.2 Members and members of the public raised the following issues/questions:-

- A discussion took place regarding the HCA grant and the effect on the accounts. Mr Seddon advised that over the next 3 months, data would be reconciled with the HCA to identify how much of the grant would be returned.
- Could a financial penalty be imposed for not signing off the accounts? Ms Murray could not say, but thought it was unlikely as there was a valid reason why they could not be signed off.
- Negotiations were taking place with partner agencies to ensure the best financial terms possible.

RESOLVED:

That the report was noted.

14. STANDARDS COMPLAINTS UPDATE

14.1 The Chair noted that there was nothing to report under the Standards Complaints Update.

The meeting commenced at 6.30pm and finished at 8.15pm

Signed (Chair)

Date