

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 6th December 2016

**PRESENT: Councillor Aldred (Chair)
Councillors Bromley, Essex, Lythgoe, Smith, Steen and
Walmsley**

Mr M Ali (co-opted member)

**IN ATTENDANCE: Mrs J Crawford, Finance Manager
Ms K Murray, Engagement Lead, Grant Thornton
Mr C North, Internal Audit Manager, Lancashire County Council
Miss G Ashton, Committee & Member Services Officer**

**ALSO PRESENT: 2 members of the public
Councillor 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 Oakes, Mr P Seddon, Rossendale Borough Council and Ms H Green, Grant Thornton Auditors.

3. MINUTES OF THE MEETING HELD ON 27TH SEPTEMBER 2016

Councillor Essex asked if he could discuss some matters arising from the last meeting. Referring to Item 9.2 he asked how the committee would be advised that the recommendations had been carried out. The Finance Manager agreed to investigate and would brief the Chair in time for the next meeting.

It was noted that Risk Management training had taken place since the last meeting.

RESOLVED:

The minutes of the meeting held on 27th September 2016 were agreed as a correct record subject to the following amendments.

Item 11.1 to read *"The Audit Manager (LCC) outlined the Internal Audit Progress Report for the period up to 31st August 2016."*

Item 12 to be headed *"Internal Audit Plan 2016/17"*.

Item 12.2 to read *“Were robust procedures in place to capture Council Tax and NNDR? Mr North advised that the audit in relation to NNDR had been agreed and completed. Council Tax received full assurance in the audit last year and is scheduled to be audited in 2016/17.”*

Finance Manager to investigate the recommendations from Item 9.2 from the last meeting and brief the Chair.

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 Walmsley and Essex declared an interest in 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 why the Council were considering increasing Council Tax when one landlord owed £400,000 for Non-Domestic Rates. The meeting was advised that the debt related to several properties over several years. It was hoped a joint prosecution would take place with other Councils but this was not possible. The Council were now pursuing their own court proceedings, it was thought through an external law firm. Councillor Essex asked if a progress report could be provided at the next meeting.

6.3 Mrs Freeman asked if a no win no fee agency was being used to chase rent arrears. The meeting was advised that it was dependant on the nature of the case.

RESOLVED:

A progress report on Item 6.2 would be provided at the next meeting.

7. CHAIR'S UPDATE

7.1 Subsequent to the meeting it was noted that following on from the Annual Fraud Report 2015/16 which was discussed at the last committee meeting, the Fraud and Compliance Officer provided an update in relation to the debts repaid against debts created. Of the £175,762.85 which was created, approx. £104,000.00 had been repaid as of 3rd October 2016. This meant that around 60% of the debt had

been paid back already, which in the circumstances was quite remarkable given the amounts involved and the time which had lapsed since the creation of these debts. Debts were not simply being created with no repayment or recovery action being carried out.

8. INTERNAL AUDIT PROGRESS REPORT

8.1 The Internal Audit Manager outlined the Internal Audit Progress Report for the period up to 30th November 2016. He highlighted that the totals in the table at item 6 should read November 2016.

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

- The NFI matches submitted in December for Council Tax had doubled and it was asked what type of matches had been found. The Internal Audit Manager didn't have the full details but knew single person discounts were an example.
- The Finance Manager advised that registration to the electoral roll was higher than previous years. It was felt this might have helped to increase matches.
- The Internal Audit Manager confirmed that the Council and LCC had a good working relationship in relation to NFI.
- In relation to the audit of Council Tax:
 - Councillor Essex asked for an idea of what would be in the next Internal Audit Progress Report - the Internal Audit Manager gave a brief overview.
 - Councillor Essex asked if the re-banding of properties for Council Tax following any changes to a property was included in the scope of the audit. The Internal Audit Manager confirmed that this had already been highlighted and discussions would take place about including it in the plan next year.
 - The difference between an error and a fraud were discussed and it was confirmed that if there was intent then this would be classed as a fraud.
 - Referring to the outstanding £400,000 NNDR debt, Mr Ali asked if the time barring for debts was still 6 years. The Finance Manager confirmed this was the case but timings stopped once the debt had been lodged. He asked if the Council's processes needed to be changed if it had taken 6 years to process the debt. The Finance Manager advised that a number of processes and trigger points were in place for non-payment of NNDR and didn't feel it was necessary to change the processes.
 - Provisions had been made in the budget for non-payment of NNDR.
- In relation to item 6 of the report, Summary of National Fraud Initiative Findings, the Internal Audit Manager agreed to include a comparison of savings from previous years.
- It was confirmed that any serious issues arising during fieldwork were discussed with Officers immediately so that actions could be implemented

rather than waiting for the draft report to be completed.

- Grants paid out from RBC such as the disabled facilities grant would only be audited by LCC if included specifically in the plan as an area of work.

RESOLVED:

That the Internal Audit Manager included a comparison of saving from previous years on the Summary of National Fraud Initiative Findings.

That the report was noted.

9. EXTERNAL AUDIT PROGRESS REPORT

9.1 The External Auditor outlined the progress report.

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

- In relation to the Empty Homes Scheme, reconciliations were needed on each property before HCA would decide if a grant would be allocated. It was noted that there had been issues with the Council accessing HCA's system so the timescales had slipped. However a spreadsheet was now available and was being worked through.
- Approximately half of the properties had been transferred to Calico. A large batch was transferred in October but subsequently 12 – 15 properties were being transferred each week as Calico wanted to visit each site before accepting. Weekly meetings were taking place to progress the transfer. It was noted that some properties may go back to the owners which meant RBC would take the financial risk.
- An update on the Empty Homes Scheme would be included in the Quarter 3 Monitoring Report in March.

RESOLVED:

That the report was noted.

10. STANDARDS COMPLAINTS UPDATE

10.1 There was nothing to report under the Standards Complaints Update.

It was noted that the Whistleblowing Policy had been discussed at Overview & Scrutiny. A recommendation had been included that complaints would be reported to the Chair of Audit & Accounts who would then provide an update at committee meetings. It was unclear if the policy had been formally adopted.

The meeting commenced at 6.30pm and finished at 7.35pm

Signed (Chair)

Date