

CANNOCK CHASE COUNCIL
MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
TUESDAY 31 MARCH 2015 AT 4.00 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK

PART 1

PRESENT:
Councillors

Ball, G.D. (Chairman)

Dudson, A. Molineux, G.N.
Johnson, J. Preece, J.

Also Present: James Cook, Engagement Lead – Grant Thornton (External Auditors)
Andrew Reid, Senior Manager – Grant Thornton (External Auditors)

29. Apologies

Apologies for absence were received from Councillor B. Hardman.

30. Declaration of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

31. Minutes

RESOLVED:

That the Minutes of the meeting held on 18 November, 2014 be approved as a correct record and signed.

32. Change in Order of Agenda

The Chairman advised that Item 6 of the Agenda (Strategic Risk Register – Quarter 3 Update) would be taken before Item 4 (Internal Audit – Quarter 3 Report 2014-15).

33. Strategic Risk Register – Quarter 3 Update

Consideration was given to the Report of the Head of Governance (Item 6.1 – 6.13 of the Official Minutes of the Council) (*presented by the Risk & Resilience Manager*).

Risk No. 16 – Impact of Benefit Reform

Cllr. Johnson queried if a debt/arrears analysis had been undertaken as part of the upward revision of this risk, and whether or not the revision was entirely down to the impact of benefits reform.

The Risk & Resilience Manager replied that one of the impacts of the reforms had been to reduce some people's availability to be able to make payments, however the overall impact of the reforms was not entirely the reason for the risk being revised.

RESOLVED:

That the progress during the third quarter of the 2014-15 financial year be noted.

34. Internal Audit – Quarter 3 Report 2014-15

Consideration was given to the Report of the Chief Internal Auditor (Item 4.1 – 4.3 + Appendix 1 of the Official Minutes of the Council).

In relation to the ICT Disaster Recovery Arrangements audit, Cllr. Johnson asked for clarification on how often data back-ups took place.

The Chief Internal Auditor replied that incremental back-ups took place on a daily basis, and full back-ups on a weekly and monthly basis. The primary concern however was about the physical locations of where the back-up tapes were stored.

Cllr. Preece queried whether as ICT Services was a shared service, could the back-up storage be 'shared'.

The Chief Internal Auditor replied that this was the aim that each Council's data would be backed-up to servers at the other location, but the relevant plans had not moved as far along as first hoped.

RESOLVED:

That the contents of the Report be noted.

35. Internal Audit Plan 2015-16

Consideration was given to the Report of the Chief Internal Auditor (Item 5.1 – 5.14 of the Official Minutes of the Council).

Cllr. Johnson raised concern that a low number of medium rated audits were planned to be carried out in 2015-16 and queried if a higher number would be conducted in 2016-17.

The Chief Internal Auditor replied that there was a variation in the number and types or risks that were audited each year, as this was dependent on both the resources available and the outcome of the risk assessment. The number of

audits to be undertaken in 2015-16 was lower due to a maternity leave within the team. The Head of Governance further replied that in respect of 2016-17, staffing resource should not be an issue therefore a greater number of audits could be conducted.

RESOLVED:

That the Audit Plan for 2015-16 be approved.

36. Grant Certification Report 2013-14

Consideration was given to the Report of the External Auditors (Item 7.1 – 7.9 of the Official Minutes of the Council).

Andrew Reid reported that the outcomes of this report were pleasing as the issues identified were relatively minor when compared with other local authorities.

RESOLVED:

That the Report be noted.

37. Audit Plan for Cannock Chase Council 2014-15

Consideration was given to the Report of the External Auditors (Item 8.1 – 8.17 of the Official Minutes of the Council).

In respect of pensions payments, Cllr. Dudson queried where money was sourced from in order to cover any funding gaps and if the current deficit was at a high level.

James Cook replied the Council had to find the required funds from its revenue expenditure and that the pension fund level fluctuated year on year, but at present a deficit was in place.

The Deputy Head of Finance further replied that the latest valuation of the deficit level had not yet been received, but it would be several million pounds.

Cllr. Johnson commented that there was no mention of fixed assets testing within the plan, so queried whether it was actually taking place.

James Cook replied that on the basis of work done in previous years, it was expected the audit of fixed assets to be about materially right.

Andrew Reid further replied that Property, Plant and Equipment had been highlighted as a specific issue in 2013-14, but on the basis of more recent audits it had been identified as less of a risk.

RESOLVED:

That the Report be noted.

38. Informing the Risk Assessment for Cannock Chase Council 2014-15

Consideration was given to the Report of the External Auditors (Item 9.1 – 9.21 of the Official Minutes of the Council).

Andrew Reid reported that on the basis of the assessment undertaken, the Council did have adequate/suitable arrangements in place to deal with the matters assessed.

Cllr. Dudson queried what the external auditors considered to 'fraud' within the Council.

Andrew Reid replied that they looked for instances of material fraud within the Council's financial statements, particularly looking for a large monetary figure.

Cllr. Dudson then queried if fraudulent persons were prosecuted.

Andrew Reid replied that where benefit fraud was concerned, offenders would usually face prosecution, but for instances of 'other' fraud, these would normally be dealt with by Internal Audit.

The Chief Internal Auditor further replied that benefit fraud was the most common type dealt with, but it was first important to determine what fraud had been committed and whether prosecution was the most appropriate course of action to take.

RESOLVED:

That the Report be noted.

39. Protecting the Public Purse Fraud Briefing 2014

Consideration was given to the Briefing Paper of the External Auditors (Item 10.1 – 10.13 of the Official Minutes of the Council).

Andrew Reid reported that Cannock Chase Council had an average number of fraud cases compared with its comparator authorities, but the monetary value of the fraud was highest.

Cllr. Dudson queried how much of that value had been successfully recovered.

The Chief Internal Auditor replied he would have to check and report back.

Cllr. Johnson asked what social housing fraud was.

James Cook replied that it occurred when a council house tenant sublet the property to someone else and received rental payments above what they were paying out.

Cllr. Dudson queried what Right to Buy fraud was.

James Cook replied that this occurred when the people who purchased the council property were not the named tenants, and so took the money from the resulting sale.

The Chief Internal Auditor further replied that this could happen when children had moved out of their parents' property, but had not been removed from the tenancy details so could then inherit the property and sell it for more money.

The meeting closed at 5:00pm.

CHAIRMAN