

**CORPORATE AUDIT COMMITTEE**

**Minutes of the Meeting held**

Thursday, 7th February, 2019, 2.00 pm

**Councillors:** Brian Simmons (Chair), Chris Dando, Sally Davis, Andrew Furse and Chris Watt

**Independent Member:** John Barker

**Officers in attendance:** Donna Parham (Interim Director - Finance), Jeff Wring (Service Director - One West), Andy Cox (Head of Audit and Assurance (One West)) and Ian Savigar (Director of Revenue and Benefits Transformation)

**Guests in attendance:** Councillor John Bull (Bath and North East Somerset Council) and Peter Barber (Grant Thornton)

**24 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer advised the meeting of the procedure.

**25 ELECTION OF VICE-CHAIR**

**RESOLVED** that a Vice-Chair was not required on this occasion.

**26 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies were received from Councillor Barry Macrae, for whom Councillor Sally Davis substituted.

**27 DECLARATIONS OF INTEREST**

There were none.

**28 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

**29 ITEMS FROM THE PUBLIC - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS**

There were none.

**30 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS**

There were none.

**31 MINUTES: 4TH DECEMBER 2018**

These were approved as a correct record and signed by the Chair.

**32 DEBT MANAGEMENT POLICY - PRESENTATION**

The Director of Revenue and Benefits Transformation made a presentation to the Committee. A copy of his PowerPoint slides is attached as an appendix to these minutes.

This presentation was made in accordance with the resolution of the Council in November 2018:

“To agree in principle that, as the Council is currently reviewing its total Debt Management Policy, that officers should provide their conclusions to the Corporate Audit Committee in February to which the Resources Policy Development & Scrutiny Panel members should be invited, which in turn should consider the Council’s proposed approach to debt collection before any final decision is made.”

Members of the Resources PDS had been notified about today’s presentation.

Members noted that the draft policy would be presented to the Committee for approval in the near future.

The Director of Revenue and Benefits Transformation responded to comments and questions from Members.

- Does the Council have any strategy or practice to identify vulnerable customers?  
*I do not think that anyone has a really adequate definition of vulnerability. The facts can be complex. However, it becomes fairly obvious if a customer has a carer, for example.*
- Does the Council have powers to refer customers to the Citizens Advice Bureau or another agency?  
*We could only do so with the customer’s consent. Usually the first conversation by a customer having difficulty in paying would be with a Council Tax Officer or Customer Services. All our staff are trained to be able to handle these conversations and have knowledge of help to which customers can be referred. If a customer contacts Council Connect, they are referred to a Council Tax Officer if their query is about Council Tax. The forthcoming restructure will provide additional Welfare Officer support. If a customer agrees a payment arrangement no further action would be taken for as long as they comply with that arrangement. It is proposed that after restructuring the cases of customers who fail to comply with agreed plans will be managed by the Welfare Support Team. If a customer goes on Universal Credit, we automatically defer their first instalment payment of Council Tax by one month.*
- Is it not the case that if the Council has no contract with the bailiffs/enforcement agents, then there is no basis in law for exchanging personal data with them?  
*The Council does have a signed agreement with the enforcement agents and a statutory basis to share information.*
  - Does this agreement contain all the required provisions relating to the exchange of personal data?

*Yes, it is something we have checked with reviewers, who have assured us that we are operating within the rules.*

- Are businesses treated in the same way as individual customers?  
*In essence, yes. Many small businesses qualify for business rate relief, and we would encourage them to check their entitlement. We have started to speed up enforcement where we think some kind of rates avoidance activity is being practised.*

The Service Director – One West asked Members whether they would like a further session in the same format as today's presentation and discussion after the remaining stages of consultation on the Debt Management Policy had been completed. Members agreed that they would.

The Chair thanked the Director of Revenue and Benefits Transformation for the presentation.

### **33 EXTERNAL AUDIT UPDATE**

Mr Barber presented the report.

He drew Members' attention to the Grant Certification Letter in Appendix 1, which reported that for 2017/18 Housing Benefit errors had been detected which were consistent with errors found in previous years, and that errors had been detected in one new area, Working Tax Credit Disregard. The extrapolated financial impact of errors was relatively significant to the total subsidy receivable.

Members expressed concern about the continuing high level of errors.

A Member asked whether actual figures could be used rather than extrapolation. How confident could we be about the extrapolation? Mr Barber replied that the extrapolation methodology was uniform across all councils and had not changed for many years.

A Member suggested that every Housing Benefit error should be categorized and a review conducted of how the probability of a recurrence of that type of error could be reduced, whether by individual training or software changes or something else. The Interim Director – Finance responded that the Housing Benefit team did not just sit back and wait for the auditors to detect errors; if errors were found by the Team then sample testing was carried out to try to ascertain the extent of the errors. The auditors sometimes detected additional errors. The Member asked how, apart from the time of detection, the errors detected by the Housing Benefit Team differed from those detected by the auditors. The Interim Director – Finance replied that the difference lay in the choice of samples tested. Mr Barber said that a review of a sample could sometimes disclose additional errors as did the retrospective rounding of a sample based on the prescribed criteria. The Member suggested that reliance on the training of individual staff did not appear to be tackling the root of problems. At present there were significant clawbacks of benefit subsidy by DWP, and it seemed that an entirely different approach was needed. He thought that what was required was not corrective action but preventative measures. The Interim Director – Finance

said that there was to be a dedicated team within the Council working on the issues and changes to ways of working were being implemented.

A Member suggested that a report on the findings of internal error testing should be presented to the Committee mid-way through the next financial year. Members agreed that it would be helpful if the percentage and type of errors detected were reported to the Committee. A Member suggested that any such report should contain a description of the error testing process. A Member suggested that a report should be made to the Committee after restructuring, to reveal whether or not restructuring had been a success.

The Chair asked about the proportion of errors caused by wrong information provided by applicants and those called by the Council. The Interim Director – Finance explained that excess payments made because of wrong information given by applicants could be recovered from them, and so did not affect the amount repayable to DWP, whereas overpayments made because of errors made by the Council could not be recovered.

Mr Barber presented the External Audit Plans for the Council and the Avon Pension Fund.

A Member asked Mr Barber for how many of the ten members of the Brunel Pensions Partnership Grant Thornton acted as auditors, and whether they were able to share information about issues identified during an audit with other members of the pool. Mr Barber said that he believed that they were auditors for nine of them and that their ability to share information was restricted by client confidentiality.

**RESOLVED** to note the report.

#### **34 TREASURY MANAGEMENT AND INVESTMENT STRATEGY**

The Interim Director – Finance presented the report.

In response to a question from a Member the Interim Director – Finance confirmed that Arlingclose were now suggesting that one of the two 0.25% increases in interest rates they had forecast for 2019 would be deferred until 2020.

**RESOLVED** to note:

1. the actions proposed within the Treasury Management Strategy Statement (Appendix 1) to February Council and the Investment Strategy as detailed in Appendix 2 to February Council;
2. the Treasury Management Indicators detailed in Appendix 1.

#### **35 RISK MANAGEMENT STRATEGY**

The Service Director – One West presented the report.

He said that the revised Risk Management Strategy was a refresh of the existing risk management framework with a focus on the next 5-year horizon and subject to annual review. The previous strategy had a much more process-based approach.

The new Strategy recognises that taking more risk is part of modern service delivery in tough times. Services are expected to understand what their significant risks are and it shouldn't become a bureaucratic process..

He said that the Risk Management Toolkit (Appendix 2) would be available to officers online. It was intended to be easily navigable, brief and intelligible. It draws on the best practice of other local authorities.

Members welcomed the toolkit and the aim of making risk management part of corporate culture not just a process.

**RESOLVED** to endorse the Draft Risk Management Strategy.

The meeting ended at 4.00 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**