

## **AUDIT AND GOVERNANCE COMMITTEE**

21 October 2019

**Present** – The Chairman (Councillor Hull) and Councillors Barrett, Handley, Noland and Wheeler.

**Officers** – Chief Executive, Chief Finance Officer (s151 Officer), Accountancy Services Manager, Solicitor to the Council and Monitoring Officer, External Audit Manager, External Auditor and Democratic Services and Scrutiny Officer.

Apologies for absence were received from Councillors Harbron, Lis, Mercer, Place and Greg Robinson (Independent Person).

Start: 6.35pm

Finish: 7.35pm

**Resolved** – That the minutes of the meeting held on 24 September 2019 were approved as a correct record and signed by the Chairman.

### **Minutes for Report**

AC.363

#### **EXTERNAL AUDIT: AUDIT COMPLETION REPORT**

The External Audit Manager submitted a report which presented the final version of the Audit Completion Report for 2018/19.

Members were reminded of the detailed report submitted and discussed at the previous meeting. The External Audit Manager updated Members on a particularly complex adjustment made since the last meeting, which was the transfer of funds from earmarked reserves to the general fund to properly account for the defined benefit pension scheme prepayment in 2018/19.

One Member expressed concern in relation to the use of reserves to which the Chief Finance Officer (s151 Officer) explained, accounting rules meant we had to show what the liability would be if all of the pensions and accrued rights materialised. The Chief Finance Officer (s151 Officer) assured Members that they would see movement in the reserves but that it was not a significant risk.

**Resolved** – That the final version of the Audit Completion Report is approved.

AC.364

#### **INTERNAL AUDIT: PROGRESS REPORT**

The Internal Audit Manager submitted a report which updated Members on the progress made against the 2019/20 internal audit plan up to 10 October 2019.

Members noted the current position, including two incomplete audits from 2018/19, which the Internal Audit Manager assured Members were being looked into. Three reports had been drafted when the report was written however the Internal Audit Manager informed Members of three more audits now also drafted to date.

The Internal Audit Manager proposed that going forward the Committee only received full reports in relation to partial/no assurance level audits.

Members raised concern that the proposition did not take into account the possibility of Members disagreeing with the high level of assurance given to audits or the opportunity to recognise departments who work to raise assurance levels.

**Resolved** – (1) That the progress to date is noted.  
(2) That the proposition to only provide full reports on partial/no assurance levels is not approved.

AC.365

### **FLEXI TIME AND OVERTIME ARRANGEMENTS**

The Internal Audit Manager submitted a report which sought to assure Members that the flexi time scheme and overtime arrangements were operating in-line with Council Policy.

The Internal Audit Manager updated Members that recommendation 334 in relation to flexi time and overtime policies had been superseded following provision of additional information.

Members were concerned by significantly high levels of overtime in some areas which the Chief Finance Officer (s151 Officer) addressed. Although some areas with high overtime levels were contractual, there were other areas that could be potentially investigated.

Members requested that manager's responses were presented to Committee at the next meeting on 28 January 2020.

**Resolved** – That subject to the presentation of manager's responses at the next meeting, the Flexi Time and Overtime Policy audit is noted.

AC.366

### **NATIONAL FRAUD INITIATIVE PROGRESS UPDATE**

The Chief Finance Officer (s151 Officer) submitted a report which provided an overview of the National Fraud Initiative (NFI) and the approach taken on outcomes of the yearly and two yearly matching exercises.

Members were informed that the NFI collected information from Councils to flag up data matches that could be investigated with a view to identifying fraudulent activity. Members noted the number of outstanding NFI matches and the progress made in relation to investigations within the various services.

One Member queried whether the NFI process had been tested to ensure reliability. The Chief Finance Officer (s151 Officer) explained that a test would be inappropriate due to the initiative being national.

Members expressed concern that individual services do not have capacity to carry-out a thorough investigation on each match flagged by the NFI. The Chief Finance Officer (s151 Officer) assured Members progress was positive and the development of a priority system was being looked at to ensure services correctly prioritised investigative work.

**Resolved** – That the National Fraud Initiative progress made to date in the current financial year is noted.

**Minutes for Decision**

There were no items for decision.

Chairman.