



Audit committee

16:30 to 17:10

19 January 2016

Present: Councillors Neale (chair), Wright (vice chair), Bradford, Driver, Boswell, Harris, Howard and Kendrick

1. Public questions/petitions

There were no public questions or petitions received.

2. Declarations of interest

There were no declarations of interest.

3. Minutes

RESOLVED to approve the accuracy of the minutes of the meeting held on 17 September 2015 subject to item 4, Annual audit letter, second paragraph, second sentence, deleting “from its” and replacing with “and” so that the sentence reads as follows:

“He commented on the council’s approach to the future government funding and phasing out the New Homes Bonus and formula funding by 2019-20 and”

4. Certification of claims and returns annual report 2014-15

The chief finance officer and the external auditor presented the report.

During discussion the chief finance officer, together with the external auditor, referred to the report and answered members’ questions. Members welcomed that the external auditors’ fee for the housing benefits subsidy claim was less than in 2013-14 and that the additional fee had been kept low by some of the work being carried out by officers (LGSS) on behalf of the external auditors.

The committee noted that the external auditor had issued a qualification letter and that the Department of Works and Pensions (DWP) determine whether to require the council to carry out further work to quantify the error or claw back the benefit subsidy paid. The clawback for 2014-2015 would be £116,766. In reply to a member’s

question, the chief finance officer undertook to circulate the figures for the amount of subsidy paid back to the DWP in previous years.¹

The chair said that the error rate was very small given the turnover in the number of housing benefit claims processed by the revenues and benefits service (LGSS) on behalf of the council. He pointed out that it was only possible to extrapolate the figures from a test sample. The committee also noted that the processing of housing benefit claims for shift workers was more complicated and therefore increased the margin of error.

The vice chair noted that the annual certification report demonstrated a positive trajectory for the council.

RESOLVED to note the external auditor's Certification of claims and returns annual report 2014-2015

5. Internal audit 2015-2016 – November to December update

The internal audit manager (LGSS) presented the report. Referring to paragraph 13 of the report, the internal audit manager said that subject to the committee's agreement of the proposed changes, the revised audit plan should be agreed by the chief finance officer and the executive head of business relationship management and democracy.

The committee noted the moderate assurance given to the audit of garages and parking bays and the value of the income generated. It was noted that managers were not obliged to agree to all of internal audit's recommendations.

During discussion on the proposed changes to the audit plan, the internal audit manager, together with the head of internal audit and risk management (LGSS) and the chief finance officer, answered members' questions. The committee noted that "productive" time spent by the audit manager in attending and preparing for committee meetings would be included on the plan in future. The chief finance officer explained that the costs for implementing the finance and HR IT system had risen which meant that it was necessary to review alternative systems and talk to other councils before it could be progressed. It would be prioritised in 2016-17. The audit of the housing revenue account business plan and housing improvement plan would need to be remodelled to include the impact of high value voids.

Councillor Harris, as cabinet member for housing and wellbeing, agreed that there had been no point in carrying out the audit in 2015-16 as there would be "massive changes" to the plan. The internal audit manager explained that the audit of community infrastructure levy (CIL) expenditure would need to be scoped so as not to duplicate work done by the council's partners (Norfolk County Council, Broadland District Council and South Norfolk Council).

The committee then considered the fraud briefing which was attached to the report as appendix 2. The internal audit manager explained that the data for other councils

¹ 2012-13: £185,113 (recovered in February 2014); 2013-14: £258,486 (recovered in February and March 2015)

was included as a comparator and that the identity of these councils was not provided. Councils did not categorise fraud in a consistent way. The city council did not classify as fraud the cases where single person council tax discounts were found to be ineligible for the discount and cancelled as a result of the data matching exercise. Failure to inform the council could be considered as fraud but it would be difficult to collect sufficient evidence and recover the money. As shown on the table on page 35 (of the agenda document), the nil return showed that other councils had adopted the same approach as the city council.

RESOLVED to note:

- (1) the work of internal audit between November and December 2015;
- (2) the progress on the internal audit plan and agree the changes to the internal audit plan as set out in the report;
- (3) the latest counter fraud developments.

6. Local Government Audit Committee Briefing

RESOLVED to receive the briefing note provided by the councils' external auditors.

CHAIR