

## **BABERGH AND MID SUFFOLK DISTRICT COUNCILS**

Minutes of the Meeting of the **JOINT AUDIT AND STANDARDS COMMITTEE** held at the Council Chamber, Mid Suffolk District Council Offices, High Street, Needham Market on Monday, 13 March 2017

### **PRESENT:**

Councillors: Suzie Morley (Chairman)

John Field  
John Matthissen  
Lesley Mayes  
Dave Muller  
Kevin Welsby  
Jill Wilshaw

Alastair McCraw  
David Rose  
William Shropshire

### **In attendance:**

Katherine Steel – Assistant Director (Corporate Resources)  
John Snell – Corporate Manager (Internal Audit)  
Paul Jarvis - Internal Audit and Risk Management Officer  
Val Last – Governance Support Officer  
Henriette Holloway – Governance Support Officer  
Suresh Patel – Ernst and Young LLP

### **1 SUBSTITUTES AND APOLOGIES**

An apology for absence was received from Councillors Melanie Barrett, Michael Creffield, Lavinia Hadingham, Frank Lawrenson and Stephen Williams.

### **2 DECLARATION OF INTERESTS**

There were no declarations of interest.

### **3 MINUTES**

#### **RESOLVED**

**That the minutes of the meeting held on 23 January 2017 be confirmed and signed as a correct record.**

### **4 PETITIONS**

None received.

### **5 QUESTIONS BY THE PUBLIC**

None received.

### **6 QUESTIONS BY COUNCILLORS**

None received.

## 7 **EXTERNAL AUDIT REPORTS**

### **Reports JAC96, JAC97, JAC98**

**Surest Patel, Ernst & Young LLP**

Suresh Patel, Ernst and Young, presented the following reports and responded to questions from Members:

(a) JAC96 – Certification of Claims and Returns Annual Report 2015/16 (BDC)

(b) JAC97 – Certification of Claims and Returns Annual Report 2015/16 (MSDC)

Members were informed that the Reports detailed identified errors and recommendations for 2016-17 were to be found at the end of the Reports.

Members questioned the effect of the transition from the Housing Benefit Scheme to Universal Credit on Housing Benefit Subsidy. Officers responded that the level of Subsidy from the Housing Benefit Scheme would be reduced, as local authorities would not be administering Universal Credit. The resulting reduction in claims would cause a reduction in the administration subsidy paid by Government. It would be necessary to monitor the situation carefully as it might be necessary to reduce the level of staff resource in the Shared Revenues Partnership. It was established that Babergh and Mid Suffolk District Councils would be responsible for any cost incurred by redundancies, as the DWP did not fund any costs for staff reduction. It was confirmed that where Universal Credit had already been introduced that rent arrears rose.

The recommendation for extended testing on page 18 was questioned and it was clarified that since errors had been found in November 2016, it was highly likely that it would be similar for 2016/17 and therefore the recommendation to conduct an early extended testing of 40 cases had been put forward.

(c) JAC98 – Babergh and Mid Suffolk Audit Plan 2016/17

It was noted that this year a Joint Audit Plan for Mid Suffolk and Babergh had been prepared. The identified risks related to the largest figures in the accounts and were not of concern.

The CIPFA Code changes were complex and discussions would be held with the Assistant Director (Corporate Resources) regarding the possibility of additional fee being incurred. No specific risks had been identified regarding Value for Money and it was considered that the Council was managing its finances in a positive manner.

He referred to Appendix F and explained that planned fees were in line with the Public Sector Audit Commission agreed payment scale.

Members questioned the Auditor and it was established that the Joint Investment and Joint Venture Companies had no impact on the accounts or the fees, as they were unlikely to begin trading until 2017/2018. He confirmed that the Ernst and Young Actuary team would carry out checks and ensure that any relevant information was supplied and fed through to the Actuary administering the Council's Pension Scheme.

**RESOLVED**

***That the external audit reports be noted***

8 **PAPER JAC99 - MANAGING THE RISK OF FRAUD AND CORRUPTION - ANNUAL REPORT 2016/17**

**Report JAC99**

**Corporate Manager – Internal Audit**

John Snell, Corporate Manager – Internal Audit, introduced Paper JAC99, which explained the current arrangements in place for both Councils to ensure there was a pro-active corporate approach to preventing fraud and corruption and creating a culture where this would not be tolerated. It also provided details of pro-active work undertaken by Internal Audit to deter, prevent and detect fraud and corruption.

Members questioned the procedure for dealing with fraud cases. Officers responded that few such cases existed in Mid Suffolk, but that fraud cases were reported to the police and any prosecutions depended on their advice and the financial implication of the prosecution. Often the best deterrent was to report the case to the press.

It was noted that cases of overpayment of benefits equated to approximately 3.6% of total claims.

The risk of cybercrime was rising and work to prevent these crimes was built into the Internal Audit Plan.

It was noted that Procurement played a prominent role in audit work and that there were a number of checks and balances by Contracts and Procurement Officers plus checks by Audit to ensure contractors work was completed and of the required standard.

The Corporate Manager agreed to provide Members with the 'Protecting the English Public Purse 2016' report once it was published later this year.

**RESOLVED**

***That the progress made in ensuring there are effective arrangements and measures in place across both Councils to minimise the risk of fraud and corruption be noted***

9 **PAPER JAC100 - INTERNAL AUDIT PLAN 2017/18**

**Report JAC100**

**Corporate Manager – Internal Audit**

Paul Jarvis – Internal Audit and Risk Management Officer introduced report JAC100, which detailed the proposed Internal Audit Plan for the next financial year.

Councillors Dave Muller and Alastair McCraw proposed and seconded the proposal respectively.

By a unanimous vote

**RESOLVED**

**That the Internal Audit Plan 2017/18, as detailed in Appendix A, be approved**

10 **PAPER JAC101 - COMPLAINTS MONITORING REPORT**

**Report JAC101**

**Monitoring Officer**

Emily Yule, Temporary Assistant Director – Law and Governance and Monitoring Officer, introduced Paper JAC101 which detailed Code of Conduct complaints received or determined since the last time such complaints were reported to Committee.

Members were advised that the Code of Conduct and Complaints Report was produced quarterly. To prevent reciprocal complaints, each complaint was logged and filters applied to move the procedure forward.

**RESOLVED**

**That the content of the report be noted**

11 **PAPER JAC102 - FORWARD PLAN**

**Report JAC102**

**Corporate Manger – Democratic Services**

The Chairman noted that the Forward Plan concluded in May as a result of the move to the Leader/Cabinet Model after the Annual Council Meetings in May.

Members were informed that a Significant Risk Register Report was to be presented to Members in May and that the Senior Leadership Team were reviewing the Risk Register in terms of risks, causes and consequences and the impact of these.

**RESOLVED**

**That the content of Paper JAC102 be noted**

The business of the meeting was concluded at 11.00 a.m.

The next Joint Audit and Standard Committee meeting is at 10.00 a.m. on 15 May 2017 at Babergh District Council.

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Chairman